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## **Southeast Asia Report**

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8 August 1985

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AUSTRALIA

BRIEFS

CENTRAL AMERICAN FOREIGN MINISTERS--The foreign ministers of Honduras and Nicaragua are to visit Australia soon. Announcing the visits, the foreign affairs minister, Mr Hayden, said Australia's interest in Central American issues and concern over developments in that region has grown over the past few years. He said the visits would strengthen Australia's bilateral relations with Honduras and Nicaragua. The visits will also provide an opportunity for discussions on important issues affecting Central America. Australia established diplomatic relations with both Honduras and Nicaragua in December 1983. The Honduran foreign minister, Mr Paz Barnica, is to visit Australia from 29 July to 2 August. Nicaragua's foreign minister, Father D'Escoto, is expected to visit in later August. [Text][Melbourne Overseas Service in English 1230 GMT 19 Jul 85 BK]

WOOL TRADE WITH PRC--The federal government has taken the first major step in developing its initiative with China on trade in wool. The federal minister for trade, Mr Dawkins, and the federal minister for primary industry, Mr Kerin, met senior representatives of the wool industry in Canberra. Mr Dawkins told the wool representatives that the Australian and Chinese governments had agreed in principle to a framework within the wool industry to maximize contact and cooperation. He said emphasis of the initiative would be to make the most of opportunities for participation by Australian companies in the development of China's wool and textile industry. The wool initiative follows agreement reached between the Australian prime minister, Mr Hawke, and the general secretary of China's Communist Party, Mr Hu Yaobang, during Mr Hu's visit to Australia in April. Mr Dawkins also announced the intention to set up an Australia-China joint working group on wool. He said the objective would be to begin talks on goals and priorities that China has established for the pastoral and processing sides of the industry. The working group would also look at areas where Australian expertise could help. [Text] [Melbourne Overseas Service in English 0830 GMT 20 Jul 85 BK]

CONCERN OVER SOUTH AFRICA--The Australian Government has expressed its grave concern over the deteriorating situation in South Africa. It has urged the South African Government to enter talks with what it terms the real leaders and representatives of the black communities to avert a catastrophe. The foreign minister, Mr Hayden, said the government strongly condemned moves to further restrict human and political rights in South Africa. He said it was unlikely that the current state of emergency would resolve the fundamental concerns, needs, and aspirations of blacks. [Text] [Melbourne Overseas Service in English 0430 GMT 23 Jul 85]



**AIRCRAFT OFFER TO CHINA**--The major Australian air and road transport company, Ansett Transport Industries, has confirmed that it has offered to sell the Chinese Government aircraft worth \$250 million [Australian dollars]. The joint chairman of Ansett, Sir Peter Abeles, says the company is prepared to accept half the payment for the planes in the form of barter and the other half in credit over an 8-year period. Sir Peter says crude oil would be a suitable commodity for the barter although he emphasized that China has a large export capacity in several areas. [Text] [Melbourne Overseas Service in English 1230 GMT 22 Jul 85 BK]

**RADIO LICENSES REFUSED**--The minister for communications, Mr Duffy, has decided to refuse an application for a radio communications station license made by a member of a group known as the Australian Coalition for East Timor. Mr (Brian Manning) applied on behalf of the group for the license last month to establish 2-way communications in Darwin with anti-Indonesian resistance forces in East Timor. In a statement issued in Canberra, Mr Duffy said his grounds for refusing the license were that facilities for public communications with East Timor already existed through the Overseas Telecommunications Commission and the issue of any license for a fixed link from Australia to Timor would also be inconsistent with international practice without the agreement of Indonesia. The Department of Foreign Affairs had advised that Indonesia would not agree. [Text] [Melbourne Overseas Service in English 1230 GMT 17 Jul 85]

**LABOR PARTY FIGURE REHABILITATED**--The federal government has confirmed the appointment of the Labor Party's former national secretary, Mr David Combe, as senior trade commissioner in Vancouver. Radio Australia's Canberra Office says the appointment announced today by the trade minister, Mr Dawkins, puts the official stamp on Mr Combe's rehabilitation by the Labor Party. Mr Combe who was a professional lobbyist in Canberra was banned from dealings with the government in 1983 over his association with a Soviet diplomat, Valeriy Ivanov, who was expelled from Australia for alleged spying. But the ban was lifted last year when the ALP [Australian Labor Party] national conference adopted a motion calling for his rehabilitation. Mr Dawkins said the government had been advised there was no security impediment to the appointment and Mr Combe's talents and experience would be an asset. Mr Combe will take up duty after briefing in the Trade Department. Early today Mr Combe said he knew nothing of reports that the government planned to offer him the post of Australian trade commissioner in Vancouver. [Text] [Melbourne Overseas Service in English 0830 GMT 17 Jul 85]

**LOAN FOR CHINESE HOTEL**--A subsidiary of the Commonwealth Bank is providing a US\$15 million loan for a big hotel in Tianjin, a major industrial city and port in the north of China. The Commonwealth Bank is the largest trading bank owned by the federal government. The loan will be used for reconstruction of a 450-room hotel as part of the Hyatt chain under American management. [Summary] [Melbourne Overseas Service in English 0830 GMT 20 Jul 85 BK]

BURMA

PAPER DISCUSSES PLIGHT OF COMMUNIST INSURGENTS

BK170710 Rangoon WORKING PEOPLE'S DAILY in English 9 Jul 85 pp 5, 7

[Article by Sai Hso Long of Mong Pa-liao: "The People are Asking the BCP's Thus..."]

[Text] The mention of BCP insurgents, the so-called Burma Communist Party, disgusts and irritates the people for they despise, hate and oppose them. The people understand them to be intoxicated in their existence as insurgent destructionists.

Why?

Because they took up arms in rebellion within days or months of Burma regaining her independence and have since been continuously harming and destroying the life and property of the people and hindering nation-building work.

Although they took up arms on the pretext of gaining people's power for the people, in practice, far from working towards this end they are oppressing the people with the result that they have become alienated from the people and have been forced to seek refuge in far-off areas.

If a record of the atrocities committed by the BCP insurgents, the so-called Burma Communist Party, since the time of their taking up arms in rebellion on 28 March 1948 is to be compiled, it would prove to be endless.

The BCPs have been known for their deceit, unfaithfulness and turning a blind eye to people's interests not only now but since the struggle for national independence and the anti-fascist resistance.

According to history, the BCPs have been unfaithful not only to the country and the people but also to their own colleagues. It was also the BCPs that struggled for leadership when the Communist Party split in two. It was also the BCPs who were expelled from the AFPFL [Anti-Fascist People's Freedom League] in the course of the struggle for national independence because of their strong gang affiliations and deceit.

If it suits their personal interests, the BCPs even dare to betray their party. They also dare to blemish the country and kill the people.

These BCPs, for their continued existence, switched allegiance from one foreign Communist Party to another. They shamelessly go to various countries seeking to follow others' leadership. Acting on others' behest and under the so-called "Voice of the People of Burma," they are bitterly criticising and virulently attacking the successes being achieved by the State today as well as the socialist construction work of the working people.

The entire working people know about the BCPs very well. They are forming people's militias to oppose the BCPs. They are also working hand in hand with the Pyithu Tatmadaw [people's armed forces] to eliminate them. Hence, the BCPs have been forced to abandon their bases in the plains to seek refuge in hills and gullies in far-flung border regions.

Accepting the authority of this master and that master, the BCPs' life has crumbled and they now exist without any aim or objectives.

The BCPs, who had no proper master, are now looking for a new master. They are making contacts. The master they are trying to follow is none other than a Communist Bureau formed with Communist remnants from non-Communist South-East Asian nations. A big Communist country is pulling the strings of this Bureau.

No matter how much they try to shuffle, the BCPs cannot develop from their zero existence. They do not get any support from the people and always facing losses. They create plots on the run and rehearse while in hiding. However, they cannot handle their own drama.

The SSA [Shan State Army], once won over by the BCPs, are now no longer part of their strength as some are surrendering in whole groups while others are breaking up into separate groups.

The SSA group which broke away from the BCPs have joined the BCPs' enemy the drug trafficking Moe Hein's SURA [Shan United Revolutionary Army] group and are now fighting against the BCPs. Now, the combined group has formed an alliance with Khun Sa's Loimaw group, the BCPs' regular opium customer.

The insurgent groups of various nationalities won over by the BCPs, like some of the Palaung and Lahu insurgents have joined the BCPs' arch enemy, the KNU'S Ma-da-ta [Karen National Union's National Democratic Front] group.

Furthermore, the KIAS [Kachin Independence Army] or the Kachin insurgents on whom the BCPs can depend militarily, are also making preparations to break away from the BCPs and join the Ma-da-ta.

The Ya-la-la-pha [Shan State Nationalities Liberation Organization] Red or Pa-O insurgents on whom the BCPs depended in their day-dream for regaining a foothold on the Pegu Yoma have also been subdued as a result of the offensives waged by the Tatmadaw and the people.

The BCPs, who breathed with others' nose, now no longer receive any substantial aid from abroad. They are also being abandoned by the insurgent groups within the country. While in a dilemma as a result of these, they are having

to make plans so that they would not have to give up BCP Headquarters in the Pangsan region.

At present, the BCPs are on the decline not only politically and organizationally but also militarily and economically.

They cannot even chart out a plan of action like the propaganda they once spread in their daydream of achieving military victory and the way of fighting to victory. They no longer think of confronting the Tatmadaw's onslaughts but avoid from afar when they see a Tatmadaw column approaching. If there is /text missing/ to ambushes. They sometimes make sneak attacks on village people's militia camps and Tatmadaw outposts. However, on such occasions, they are met with an unexpected barrage and have to flee for dear life.

For example, when the BCPs made a sneak attack on a Tatmadaw camp in Loi Gyay region in Bhamo Township on 22 March 1985, they suffered more than 100 dead and were forced to flee in disarray towards Mankyo region with many of their number wounded.

Some are beginning to understand about the BCPs who have no correct aim or programme and who are beginning to crumble on all sides. Many who realized their misdeeds and who want to mend their ways have returned to the warm embrace of the people under the peaceful and tranquil shade of the State.

Between 1 April and 31 May, 1985, 86 former insurgents abandoned the dim path of the BCPs and their cohorts to return to the legal fold.

The BCPs charted out a plan to replace their men thus lost. They forcibly recruited young people. To cite an example, during April 1985, the BCPs rounded up young boys and girls between eight years and 15 years of age in the BCP operational area of Konkyan Township and forcibly recruited these young people into their ranks. In the past, the BCPs recruited only one boy from a family with four brothers or two boys from a family with five brothers with married persons being exempted. Now, however, they have abandoned this policy and are forcibly rounding up and recruiting all young people irrespective of sex.

However, they are also encountering difficulties in their recruitment work. There remain almost no young or not so young people in their area of operation.

In Man Manghseng Township alone, the female population far outnumbers that of the male. Whatever men folk there are invalids who lost their limbs or eyesight while serving with the BCPs. The BCPs are having to order their henchmen, the insurgents from national groups, to round up people to serve as their recruits. When the henchmen delivered recruits they were rewarded with firearms. The BCPs are trading men for firearms.

The BCPs are establishing a new slave era.

It is learnt from the surrendered personnel that in some regions the BCP camps where young people are rounded up and kept to serve as recruits are just like child day care centres.



The BCPs are capable of going to the extremes. They have no qualms in doing anything for their continued existence. They have even taken up poppy cultivation and are trafficking in opium which endangers the entire mankind.

For example, BCP insurgents' economic incharge Wai Shao Min and group from the BCP Headquarters camp at Pangsan smuggled out about 500 kilos of opium including morphine base via Nam Tawng Mu in Mong Ton Township on 18 April 1985 and sold them off across the border at the rate 22,000 in currency of a neighbouring country per kilo.

While various countries of the world are striving to increase food production to meet the needs of the growing population, the BCP insurgents' special opium high-yield project is a cause for great shame.

The BCP leaders from the Central are making field tours to carry out organizational work for extended cultivation of opium poppy. While shouting that they oppose the capitalist system and the system of exploitation, the BCPs are buying opium from the local people at the rate of K 750 per viss and are selling it to the SUA at rates ranging from K 1,400 to K 1,800 per viss.

For their survival, the BCPs are even ready to kill other drug trafficking insurgents like themselves. They are also ready to go into battle to defend their turf. It may be said that the policy of the BCPs is friends today-enemies tomorrow, and enemies today-friends tomorrow. The KMTs are the Kuomintang opium traffickers. Although the BCP leadership once declared them as perpetual enemies, they have now become true friends of the drug trafficking KMTs.

Thus, the people are asking the fickle BCPs three questions. The questions are:

-- Will you end your life under the onslaught of the Tatmadaw working hand in hand with the people?

-- Will you end your life while fighting for turf among yourselves for drug trafficking?

-- Will you enter a new life and serve the people with your sweat for the past crimes that you have committed?

The conditions now are such that the BCPs will invariably have to give an answer to one of the questions.

CSO: 4200/1264

BURMA

THAI PAPER SAYS SMUGGLERS FACE FIRING SQUAD

BK191252 Bangkok BANGKOK WORLD in English 19 Jul 85 p 2

[By Nai So Mon]

[Excerpt] Tak -- Business is bad for smugglers and traders in this Thai-Burmese border town as Rangoon enforces a crackdown that puts offenders to death by firing squad. Local sources said 108 Karen and Mon Traders were known to have been executed since June in this fashion in various places inside Burma, mainly along smuggling routes.

Rangoon's hardline, enforced since early last year but apparently given a new lease of life last month, has adversely affected traders in particular and the economy of this northwestern province in general. According to local sources, about 20 major traders in Mae Sot District who formerly ordered goods--mainly textiles--from Bangkok to the value of 600-1,000, million baht a month have stopped doing so since last month.

The traders said this was because Rangoon's new crackdown had made it difficult to transport goods from Thailand into Burma.

Because anti-smuggling has become Rangoon's business, Tak's economy has suffered a significant setback. The circulating currency of about 80 million baht a day has dropped to only around 20 million baht, according to a survey by commercial banks.

Businessmen and traders suffering difficult times will reportedly state their case to the provincial chamber of commerce next month.

Rangoon, which previously confiscated smuggled goods and arrested offenders, first launched its war against smugglers early last year. This coincided with the opening by Burmese troops of their heaviest suppression drive yet against Karen ethnic rebels ensconced along the Thai-Burmese border.

The anti-smuggling sweep, however, only made itself felt last month as new tactics--including the firing squad--were enforced to deal with smugglers, local sources noted.

Although continuation of the Burmese Government's hardline policy is expected to cut down smuggling activities, traders said it would be difficult to stamp out the racket altogether.



They pointed out that traders and porters who were motivated by poverty would continue to risk their lives--for they have no choice.

Rangoon's tough antismuggling measure is also being enforced against Mon rebels based in the border area opposite Kanchanaburi Province.

But there is no word on the number of smugglers eliminated by the new measures as heavy rains and muddy roads have obstructed communication between this northern provincial town and the Three Pagodas Pass--seat of the New Kon State Party--near the border in Kanchanaburi.

New Mon State Party President Nai Nonla early last month said Burmese forces had blocked all commercial routes from Three Pagodas Pass to the nearest town inside Burma.

In so doing, several Burmese battalions had set up outposts along the routes but traders continued to arrive in oxcarts for trade at the Three Pagodas Pass although their number had dropped, he added.

Recent visitors to the Pass reported that Mon civilians were living under hardship conditions.

Late last year, several thousand Mons fled into Thailand in the face of Burmese attacks on their villages and found shelter near Ban Song Kalia.

The Mons later returned to their home ground where they now suffer food shortages because their crops have been destroyed.

These civilians could return to Thailand if their village comes under Burmese artillery fire, the visitors noted.

Historians say the Mons centuries ago lived in a kingdom that was then considered one of the greatest countries in Asia.

The Mon kingdom--at its most glorious from 600 to 1,100 A.D.--was called Dvaravati, situated at what is now known as Nakhon Pathon. This kingdom fell to the Khmers and the last Mon Kingdom in old Siam was called Hari-punjaya, what is now Lamphun Province.

CSO: 4200/1264

INDONESIA

DAILIES CRITICIZE EUROPEAN STANCE ON EXECUTIONS

BK111528 [Editorial Report] Jakarta MERDEKA in Indonesia and Jakarta BERITA BUANA in Indonesian on 2 July carry editorials on two recent resolutions of the European Parliament condemning the execution of Indonesian Communist Party [PKI] leaders involved in the 1965 communist coup attempt and government policies in Irian Jaya and East Timor. The two dailies criticize the European Parliament for interfering in Indonesia's internal affairs.

MERDEKA says that the European Parliament has adopted "a stand favorable to international communism" and failed to view objectively the situation in the two Indonesian provinces. In conclusion, the daily recalls that the New Order Government of Indonesia has been the target of criticism by external forces on several political issues.

BERITA BUANA calls on the people not to be frightened by the two resolutions. The daily quotes Minister and State Secretary Sudharmono as saying that "the resolutions arose from a lack of understanding of the real situation in Indonesia on the part of members of the European Parliament." In conclusion, BERITA BUANA underscores the need to explain fully to the world that captured coup leaders have confessed in open court that the PKI masterminded the 1965 coup attempt, in which several army officers were brutally murdered.

CSO: 4213/276

FORMER FINANCE MINISTER INTERROGATED ON SERMON

BK150341 Jakarta KOMPAS in Indonesian 4 Jul 85 p 12

[Text] Jakarta, KOMPAS--The North Jakarta intelligence police have since 2 July interrogated 74 year-old SP [Syafudin Prawiranegara], finance minister in 1949-50 in connection with his sermon at a mosque on 'Id al-Fitr day on 20 June. His sermon has been described as having extremist tendencies. Interrogated along with SP was 35 year-old HK, a custodian of the al-Husna Mosque in the North Jakarta area. He has also allegedly delivered strong sermons in the mosque.

When contacted by reporters, the North Jakarta police have always declined to comment on the interrogation. Through yesterday, Lieutenant Colonel Bimantoro, the North Jakarta police chief, could not be reached for comment. A KOMPAS source disclosed yesterday that both SP and HK were not detained for the interrogation sessions. SP even went to the police station himself before the police picked him up, while HK came to the police station after being summoned twice. The source also disclosed that SP delivered a sermon at the al-A'raf Mosque on 20 June. Without elaborating, the source said that the sermon was strongly worded.

SP was not seen yesterday at the police station for further interrogation and was reportedly ill. When asked how long the interrogation will last, the source could not give a definite reply. It said, however, that the case will be transferred to the jurisdiction of the Regional Special Executive Office. Meanwhile, another preacher will reportedly be interrogated by the South Jakarta police for his sermon during the 'Id al-Fitr day.

CSO: 4213/276

INDONESIA

DAILY REGRETS SIHANOUK'S 'PESSIMISTIC ATTITUDE'

BK161501 Jakarta THE INDONESIA TIMES in English 11 Jul 85 p 2

[Editorial: "ASEAN Peace Plan for Kampuchea"]

[Text] At the end of the two-day annual meeting, the foreign ministers of the six ASEAN member countries announced on Tuesday their peace plan to settle politically the Kampuchean question. The American Vietnamese normalization aspect was not included as a point in the plan. Indonesian Foreign Minister Mokhtar Kusumaatmaja had been working on normalization of the relations between Vietnam and the United States which he hoped would facilitate political settlement of the Kampuchean question. The ministers seem to have been of the opinion that it would be better to carry out the normalization effort without attaching it to the ASEAN peace plan.

As a matter of fact the peace plan is the reiteration of the previous position of ASEAN as contained in the resolutions of the United Nations on Kampuchea, and the 17th annual meeting communique in July last year; namely the withdrawal of foreign troops (Vietnamese troops) from Kampuchea, general elections under impartial international supervision to realize self-determination for the Kampuchean people, and national reconciliation.

In order to achieve this target the foreign ministers have proposed that a proximity talk be held between the Sihanouk Coalition Government of Democratic Kampuchea and the Vietnamese Government which may include the representatives of Heng Samrin's government.

Though the previous day, Vietnam had indicated that it would not accept the above proposal, yet ASEAN decided to forward the peace plan to Vietnam through the Malaysian ambassador in Hanoi. Now ASEAN is waiting for an official reply from Vietnam.

The main question is that Vietnam has expressed its objection to a negotiation where Pol Pot and his clique participate. On the other hand the Sihanouk coalition government cannot do without Pol Pot and his clique, since militarily they constitute the mainstay of the government, it will require extremely highly qualified diplomatic skill to reconcile these two conflicting interests. [Sentence as published].

Now an extremely pessimistic outlook from President Norodom Sihanouk has thrown cold water on the plan. In an interview with reporters on Tuesday at his residence near Beijing, Sihanouk expressed that he expected not victories, but defeat and setbacks." I know I'm not going to win", said Sihanouk. He predicted that Kampuchea would become a province of Vietnam within ten to twenty years.

We regret very much the attitude of Sihanouk. As the head of the Democratic Kampuchean Coalition Government he should give all encouragement and not discouragement. It was on the coalition government's objection that the original plan to have a proximity talk with the Heng Samrin government as suggested by Malaysia was modified and instead the proximity talk is to be with Vietnam with the participation of the Heng Samrin government. Though the Sihanouk coalition government has approved the proposal in advance, Sihanouk's pessimistic attitude has weakened the position of ASEAN and strengthened the bargaining power of Vietnam. It is indeed a very regrettable happening.

Under the present circumstance the question of Vietnam is not likely to be settled in the near future, short of a miracle. But ASEAN should not be discouraged and should continue to persist on a peaceful solution and prevent Vietnam from making a fait accompli as the result of their military occupation and fortification of Kampuchea.

CSO: 4200/1225

INDONESIA

COMMENTARY VIEWS SRV'S REACTION TO ASEAN PROPOSAL

BK131625 Jakarta Domestic Service in Indonesian 1200 GMT 13 Jul 85

[Unattributed commentary]

[Text] The request by Vietnamese Ambassador to Malaysia Nguyen Can to Malaysian Foreign Minister Tengku Ahmad Rithauddeen for more details and clarification concerning ASEAN's recent proposal which was announced in Kuala Lumpur early this week is viewed as a tactical measure. The developments in Cambodia since the Vietnamese invasion more than 6 years ago and the continuous conflicts clearly show Hanoi's strategy which is aimed at creating a greater Indochina covering Cambodia. Considering Hanoi's interested attitude in facing ASEAN, its position of diplomacy is merely a tactic. The problem is that ASEAN is not willing to accept Vietnam's role in Cambodia. ASEAN's recent proposal which wants the Coalition Government of Democratic Kampuchea to have proximity talks with Vietnam reflects its unchanged attitude.

For strategic reasons Vietnam has rejected the proposal for a meeting with the Cambodian coalition through proximity talks, and this can be assessed from Hanoi's statements. However, with its objective to show a more suave diplomacy, Vietnam has requested details and clarification of ASEAN's recent proposal from Malaysia.

During his meeting with Nguyen Can last Thursday evening in Kuala Lumpur, Rithauddeen listened to a statement by the Vietnamese ambassador to Malaysia that his country's rejection of the recent ASEAN proposal was not an official one. But according to the Malaysian foreign minister, it is still too early to say that Nguyen Can's statement reflects Vietnam's positive response. Behind ASEAN's recent proposal and also Vietnam's reaction, a question arises—"Is the scene in Cambodia the same as before, or has it undergone changes?"

After 7 years of Vietnamese military occupation of Cambodia, it was noted that recently a sudden, big dry-season offensive was launched. The reason was that the Khmer guerrillas fighters who occupied posts along the Thai border had successfully infiltrated into deeper regions until they were near Phnom Penh. The objective of Vietnam's dry-season offensive is to



eliminate the Khmer guerrilla posts and end infiltration into the deeper regions. It will be clearly seen that during the current rainy season the Khmer guerrilla fighters will be still willing to infiltrate into the internal regions. This will then show that the scene in Cambodia has changed and also this will force Vietnam, tactically at least, not to discard the recent ASEAN proposal.

CSO: 4213/276

INDONESIA

JAKARTA TO CANCEL SUBSIDY FOR HUMAN RIGHTS GROUP

HK151304 Hong Kong AFP in English 1221 GMT 15 Jul 85

[Text] Jakarta, 15 Jul (AFP)--Indonesia's chief human rights group, the Legal Aid Institute (LBH), said today it would start a contribution fund to keep it financially afloat after two blows threatening its sources of revenue.

The move set out by LBH Secretary Johannes Cornelius Princen, follows an announcement by the city of Jakarta that it would cancel its annual 27,000 dollar subsidy to the group next year for economy reasons.

"This decision is very serious because it could be followed by authorities in Padang (Sumatra), Bandung (Java) and others which help our organisation," Mr Princen, a lawyer, told AGENCE FRANCE-PRESSE.

He gave no details of the planned new form of funding.

In addition, on May 31, parliament adopted a controversial law giving the government power to dissolve any organisation which "receives foreign funding without government permission."

Mr Princen said that groups such as LBH were "poor and need outside funding to provide legal aid for people who are unable to pay for it."

LBH groups about 200 members, most of them lawyers who charge no fee to defend poor Indonesians in court.

Last year the organization defended about 10,000 people in industrial disputes or cases of dismissal.

It also acted for several defendants in the trial of those accused of stirring up Moslem riots last September which killed 30 people in Jakarta's Tanjung Priok port area.

Garuda Nusantara, president of LBH's Jakarta chapter, plans to meet with the capital's governor to ask that he reconsider the fund cut decision.

"There are 46 lawyers working for LBH in Jakarta and the subsidy makes up about 30 percent of our local budget," one LBH member said.

Mr Princen added: "We are facing financial asphyxiation. In many cases I am already having to finance without any outside help the defence of people who cannot pay me."

He said that individual donations to LBH by enterprises last year made up less than 15 percent of the group's budget.

CSO: 4200/1225

INDONESIA

DEFENSE MINISTER ADDRESSES ARMED FORCES MEETING

BK030610 Jakarta Domestic Service in Indonesian 2300 GMT 2 Jul 85

[Text] Defence and Security Minister Poniman has said that all Indonesian citizens are responsible for national defense and security and the nation must accordingly develop its national defense and security. He said this at the first [word indistinct] of 1985 Indonesian Armed Forces Executive meeting in Jakarta yesterday. He said that if national defense and security are to be transformed into a government function, this means that all government bodies and agencies will have specific duties aimed at developing national defense and security capabilities. The minister says that the national defense and security policies and strategies, which will be arranged later, are not meant to be handled just by the security defense department or the Indonesian Armed Forces, but they will be the main responsibilities of the minister of defense and security.

The 1985 Indonesian Armed Forces Executive meeting was opened by Armed Forces Commander General L. B. Murdani at the Ardy Loka building, at Halim Perdana-kusumah in Jakarta. The meeting will last until 6 July, and will be attended by 150 participants, including the chief of staff of the three armed services and the chief of the Republic of Indonesia police, members of the Indonesian Armed Forces headquarters, military operations commanders, members of the central military executive board, staff members of the national security and order restoration command, members of military coordinating officers, leaders of the parliamentary armed forces faction, and members of the Indonesian veterans association.

CSO: 4213/272

INDONESIA

# SUHARTO ADDRESSES SENIOR MILITARY OFFICERS

BK101201 Jakarta THE INDONESIAN TIMES in English 8 Jul 85 p 1

["By Our Reporter"]

[Text] Armed Forces (ABRI) top officials vow to continue and accomplish the reorganization of ABRI, which is now happening, preceeding the 1987 general elections and the 1988 People's Assembly general sessions.

Issued at the end of a high level meeting of ABRI senior officers held on July 2-6 it was one of the points which were reported by ABRI chief, General L. B. Murdani, to President Suharto on Saturday.

The other points include the strengthening of ABRI command and power, as well as the promotion of ABRI cohesion with the people, ABRI's fighting motivation and ABRI's role in social life.

President Suharto, who gave his address before senior officers, asserted that the decisions would guide the reorganization drive and the buildup of ABRI.

"I ask you to implement these decisions with full responsibility", Suharto insisted. The President also reminded them ABRI's role in the development of the nation.

Suharto was confident that the people's high awareness on national defence and the continuing cohesion process between ABRI and the people, and that ABRI although relatively small but powerful, could be built up to become the solid defender and protector of the state.

"We are building up an ABRI who will not impose a big burden on the nation. We are proud that ABRI can do this," Suharto said.

The head of state reaffirmed that the success of ABRI in playing its role properly would have a large impact on the nation's development and future.

He reminded senior officers that various negative and positive factors confront the nation in the future. Referring to the negative factors, Suharto said that world uncertainly, continuing tensions and conflicts in some parts of the

of the globe and the arms races have not been eradicated yet, in addition to the worlds prolonged economic uncertainty. "So the globe is still insecure", he added.

Suharto added, "Our great task now, is to reduce these negative factors on one hand, and to strengthen the positive factors on the other."

The President said about these uncertainties that, "we must be aware and careful, without losing our self-confidence and our confidence in the future."

Suharto said that in politics and ideology, considerable progress has been achieved with the official adoption of Pancasila as the nation's sole principle. "We have constitutionally settled the basic issue for our national life", he added.

The President reminded them that Pancasila as the nation's sole principle did not mean that all problems have been automatically solved. He added that the materialisation of Pancasila in real practice is entering decisive phases. "The great challenge ahead is to implement Pancasila in all aspects of national life", Suharto added.

CSO: 4200/1203



INDONESIA

BRIEFS

**FOREIGN OIL DRILLING BANNED**--Jakarta, MERDEKA, Monday [8 Jul]--Ginanjar Kartasasmita, junior minister for the promotion of domestic products and chairman of the Investment Coordinating Board, has said that the government will ban new onshore and offshore oil drilling by foreign investors. Foreign companies operating in partnership with their Indonesian counterpart will be allowed to conduct offshore drilling only until the end of this year. As of next year, only companies under Indonesian laws will be allowed to operate. He made the remarks before a national working meeting of the Department of Construction Service, Consultancy, Real Estate Development, and High Technology of the Indonesian Chamber of Commerce and Industry in Jakarta on Monday. [Text] [Jakarta MERDEKA in Indonesian 9 Jul 85 pp 1, 12 BK]

**ASEAN IN 'SUPERPOWER STRUGGLE'**--KOMPAS today carries an editorial on the Cambodian problem saying that the ASEAN foreign ministers' annual meeting in Kuala Lumpur had at least discussed three items: the Cambodian problem, inter-ASEAN economic cooperation, and [words indistinct] dialogue. According to KOMPAS, ASEAN refuses to include the Soviet Union and PRC in the Cambodian problem. However, ASEAN does not mind including the United States and other Western industrialized countries in the matter. Thus indirectly, the Cambodian problem has become a test of ASEAN's position amidst the power struggle between the superpowers. KOMPAS says that if that is the case, it is better for ASEAN to put aside the Cambodian problem temporarily. KOMPAS explains that this does not mean ASEAN has washed its hands of the problem, but it is a matter of waiting for a possibility of new development. [From the press review] [Text] [Jakarta Domestic Service in Indonesian 0600 GMT 12 Jul 85 BK]

**INDONESIAN-PNG BORDER MEETING**--The Indonesian-Papua New Guinea Border National Committee held its first meeting at the Home Affairs Department in Jakarta today. The meeting, which was presided over by Home Affairs Minister Suparjo Rustam, was attended by Defense and Security Minister Poniman, Foreign Minister Mokhtar Kusumaatmaja, and members of the border committee. In his capacity as spokesman for the committee, Foreign Affairs Department Secretary General Sudharmono told newsmen that the first meeting underlined the working procedures of the National Border Committee prior to Indonesian-PNG border talks scheduled to be held in PNG in mid-September 1985. He

added that the upcoming talks will be bilateral in nature. The Indonesian-PNG Border National Committee was set up under a presidential decree in 1982. Indonesian and PNG held border talks in Surabaya some time ago. [Text] [Jakarta Domestic Service in Indonesian 1200 GMT 15 Jul 85 BK]

PRC DIRECT TRADE ADVANTAGEOUS--BERITA YUDHA welcomed the signing in Singapore yesterday of a memorandum of understanding between the Indonesian Chamber of Commerce and Industry and the China Council for the Promotion of International Trade because the agreement will become the basis for reopening direct trade relations between Indonesia and China. According to BERITA YUDHA, direct bilateral trade relations will in fact have advantages. However, they should be implemented more flexibly and openly. BERITA YUDHA sees that one of the advantages is related to Indonesia's efforts to intensify its nonoil and nongas exports. BERITA YUDHA hopes that Indonesia will accordingly gain greater benefits from this direct trade while, on the other hand, China should also obtain benefits by sparing no efforts to use this opportunity solely for its economic interests. [Text] [From the press review] [Jakarta Domestic Service in Indonesian 0600 GMT 6 Jul 85]

PRC NATIONALS' FALSE PASSPORTS--The House of Representatives' Commission I in charge of security, foreign affairs and information has given a strong reaction to the discovery of 22 PRC nationals holding genuine Indonesian passports. According to Rusli Desa, the commission's deputy chairman, this incident must not be allowed to go without comprehensive investigation. Five of the PRC nationals, arrested at the Sukarno-Hatta International Airport in Jakarta, confessed that they bought the passports in Bangkok for \$10,000 each. The passports are easily available, with only 10 days being required to obtain them. Rusli Desa strongly called for stern action against those who sold genuine Indonesian passports to the PRC nationals, who were deported from Mexico. The Indonesian Embassy in that country refused to acknowledge their nationality so they had to be deported. It was explained in their passports that the 22 people were born in Indonesia, but none can speak Indonesian. The Commission I's deputy chairman stated that the House of Representatives has nothing against a direct trade link with the PRC, but it is important that Indonesia not be lax in its national security. [Excerpt] [From the parliamentary news roundup] [Jakarta Domestic Service in Indonesian 1200 GMT 7 Jul 85]

MOKHTAR ON FRETILIN RADIO LINK--The Indonesian foreign minister, Dr Mokhtar, said Indonesia's relations with Australia had not been damaged by an illegal radio station in northern Australia being in contact with Fretilin guerrillas fighting Indonesian forces in East Timor. Dr Mokhtar told reports in Jakarta that relations between the two countries were generally good, especially at government level. Last month Dr Mokhtar said, Indonesia was unhappy over the radio link and would like to see Australian authorities eliminate it. The illegal radio transmitter is being operated by Australian sympathizers with the Fretilin guerrillas. The Australian group claims to be in regular radio contact with the guerrillas. [Text] [Melbourne Overseas Service in English 1230 GMT 5 Jul 85]

FOREIGN OIL DRILLING BAN--Jakarta, July 9 (AFP)--The Indonesian Government is studying a possible ban on oil drilling by foreign companies, an Indonesian official has said. The proposed ban, which would come into force next year, would also require foreign oil companies already operating in Indonesia to transfer their share to their Indonesian partner, Ginanjar Kartasasmita, chairman of the Indonesian Capital Investment Board, said yesterday. All foreign oil companies operating in Indonesia are in partnership with the state oil company, Pertamina. Mr Ginanjar, who is also junior minister in charge of increased consumption of locally produced goods, told a meeting yesterday of the Jakarta Chamber of Commerce and Industry (KADIN) that the ban would apply to both onshore and offshore drilling. Daily MERDEKA reported that Mr Ginanjar said that the foreign companies, which were currently liable "only to the regulations instituted by Pertamina" and did not pay income tax, must become "fully Indonesian." Daily MERDEKA said this meant they must become corporate bodies under Indonesian laws. Mr Ginanjar said that as the Indonesian partner would at first have difficulty acquiring funds to take over the foreign companies' shares, the foreign companies would be asked initially to off-load some 20 per cent of their shares. The matter had yet to be taken up with Pertamina, Mr Ginanjar said. Pertamina was not available for comment. [Text] [Hong Kong AFP in English 0838 GMT 9 Jul 85]

TROOP BUILDUP REPORT DENIED--The Indonesian ambassador to Papua New Guinea, Mr Imam Supomo, has denied reports that Indonesia is conducting a military buildup in its border province of Irian Jaya. Mr Supomo has described the reports carried in the Papua New Guinea media last week as absurd, untrue, and aimed at destabilizing relations between Papua New Guinea and Indonesia. Mr Supomo has also denied the [word indistinct] of reports claiming that Indonesia intends to take over Papua New Guinea. He has accused the Irian Jaya rebel movement--the OPM [Free Papua Movement]--for what he called the confusing publicity about Indonesia's activities in Irian Jaya. Radio Australia's Port Moresby correspondent says that despite border problems, Papua New Guinea and Indonesia has maintained close ties to solve the problems and improve life on both sides of the border. Our correspondent says that under a border development program, Indonesia has begun building roads, improving education, health, sanitation, and social and economic activities. [Text] [Melbourne Overseas Service in English 0500 GMT 22 Jul 85 BK]

CSO: 4200/1252

LAOS

## PARTY ORGANIZATIONS' LOGISTICS TASKS DISCUSSED

BK051530 Vientiane Domestic Service in Lao 0430 GMT 1 Jul 85

[Editorial: "Build Basic Party Organizations for Material and Technical Management in Units or Regiments"]

[Text] The task of guaranteeing material and technical supplies in service of daily life, construction, and fighting is of great significance to the enhancement of our army's combat strength. In this regard, the various basic units or regiments directly responsible for guidance in the implementation of the keeping, protection, management, and requisitioning of material and technical supplies for soldiers, first and foremost those basic organizations of the party, shoulder heavier responsibility for this task.

In the recent past, the plan and policy on the building of the basic party organizations have been clearly, firmly, and vigorously implemented. The implementation of the plan and policy serves as a basis for the building of all-round strong units or regiments with a high level of combat strength. Many basic party organizations, such as the party committees of units or regiments, have attached importance to the task of material and technical management and have attentively consolidated and strengthened it. They have strictly maintained the party's life-style, managed the party members, and thoroughly guided the units or regiments to appropriately carry out the material and technical management task in accordance with the party's line, attitude, and principles; the state's laws; and various rules and regulations of the army. Progress has been achieved in the guidance for the implementation of keeping, protection, management, and requisitioning of material and technical supplies. Various mistakes made in carrying out this task have now been limited and corrected, but these good practices are still not consistent and not carried out to the full extent. As a result, achievements are still at a low level. Weak points still remain in many fields in various party organizations of units or regiments responsible for material and technical management. These have directly affected the implementation of basic tasks by the units or regiments. They have also, more or less, affected the soldiers' combat strength.



To guarantee the fulfillment of responsible tasks by the various material and technical management units or regiments, the problems for the various basic party organizations in this regard are to firmly build and strengthen party units and the contingent of party members and cadres in the political, ideological, and organizational fields so that they can serve as genuine representatives for the combat strength of the basic party organizations and for the true nature on communism of the party members and cadres working in the material and technical management domain. Each party organization, party unit, party member, and cadre must grasp the specific point, position, and basic political tasks of the units or regiments. They must successfully fulfill the material and technical management targets in accordance with the line, attitude, and principles of the party, laws of the state, and rules and regulations of the army.

The important thing for the basic party organizations to do is to concentrate on guiding and guaranteeing the implementation of keeping, protection, management, and requisitioning of material and technical supplies. This can be done through various planning organizations and transportation units or regiments. Places where the supplies are produced or processed must be built appropriately in accordance with the plan, principles, system, goal, time limits, and so forth.

To successfully fulfill these tasks, the organizing cadres and those who work in the material and technical management sector must maintain high and firm revolutionary nature in addition to maintaining experience and skills in this specialized field. They must maintain knowledge about the commanding and management work and must grasp its principles and system so that they can properly keep, protect, manage, distribute, and requisition the supplies. In actual practice, however, we have found that most of those who have made mistakes or inadequately carried out material and technical management work are those who have not firmly maintained political qualifications and who have maintained a weak sense of responsibility. These people can be bribed with material goods. This is because they maintain a selfish line of thinking, placing their own interests above those of others. Therefore, the most important thing to do at present is to pay attention to effectively nurturing a fine nature in the cadres and those who work in the material and technical sector. Attention must be paid to educating, training, and building everyone, first and foremost the party members and cadres, to maintain a proper serving attitude. The basic duty and its clear purposes are to guarantee that the soldiers enjoy a better life and maintain sufficient conditions in the material and technical field so that they can build and strengthen forces, maintain combat readiness, and fight victoriously. Each and every one must be held fully responsible for the protection and maintenance of material and technical supplies, minimizing shortages of supplies, and profoundly understanding and implementing the laws of the state and the material and technical management principles and system in a high sense of enforcing regulations and discipline.

As for the party members and cadres, they must apply the party members' duties to the rights and duties entrusted to them. In adopting plans for the implementation as well as for the inspection of the conditions of the party members' work, all, ranging from the basic party organizations to the party units; from the secretaries of party committees, commanders, and deputy commanders responsible for the political affairs down to party members, must clearly define their guidance rights and responsibly to the units or regiments. Each party member must grasp the guidance for the implementation of the task of keeping, managing, protecting, and requisitioning material and technical supplies for the units or regiments. When asked about this, they must not say they do not know. It is their responsibility to clearly learn the situation, distinguish right from wrong, and determinedly maintain the right while opposing the wrong. They must compete both within and outside the party in order to guarantee an effective implementation of the material and technical management work in service of the soldiers.

The duty of managing material and technical supplies in service of the soldiers is not the responsibility of various specialized units or regiments in the logistics and financial fields alone. It is regarded as a main responsibility also of various combat units or regiments, organizations, offices, schools, production units, and others. Therefore, all units or regiments, no matter when they are stationed, must also be responsible for keeping, managing, protecting, and requisitioning material and technical supplies to serve the soldiers. They must, therefore, learn to do their best. It is not the duty of only those who work in the management sector or who are assigned particularly to supply foodstuffs to the army. Basically, it is also an important task of the leading level. All the party committees, commanders, and party members must take responsibility for this task. They must be an example in effectively carrying it out while guiding others to fulfill the logistics work to guarantee better service for the soldiers in accordance with the party's line. The soldiers must be supplied with sufficient, inexpensive material and technical items of good quality. Along with this, the soldiers must be allowed to exercise democratic rights to publicly discuss the use of the materials they receive or to share them with others.

In the material and technical management department, the basic guidance task of the basic party organizations is to effectively guide the implementation of the material and technical management work. The basic party organizations must, therefore, be built, strengthened, and purified. Their basic, political task is to profoundly understand the attitudes, laws of the state, and rules and regulations of the army. They must maintain an attitude of serving the soldiers, regularly practice thrift, think of the interest of the public, oppose a luxurious and selfish way of living, and determinedly combat the act or line of thinking of engaging in trading. With these qualifications of the party organizations, it is certain that the units or regiments can be guided to successfully overcome all obstacles and weak points in each field and then march forward to fulfill the logistics work entrusted by the army.



LAOS

# AID TO ATTOPEU BY SRV SISTER PROVINCE REVIEWED

BK091158 Vientiane Domestic Service in Lao 0500 GMT 6 Jul 85

[Feature article: "Attopeu Province at Present"]

[Summary] Attopeu is a province situated in the southernmost part of Laos. It consists of four districts, with a total population of more than 68,000. Most of the people have settled along the banks of the Sekong, Sekaman, Sesou, and Sepian Rivers. The province is full of natural resources. It is regarded as a granary of the country. "This province has common borders with Vietnam and Cambodia, which is convenient for exchanges of visits and mutual assistance in raw materials and construction equipment. In the past, Attopeu Province was turned into a battlefield by the feudal reactionaries, who paid no attention to building or developing it. The feudal reactionaries set up their artillery forces' position in this province and turned it into a place for their military training. Since the liberation of the country, with the clear-sighted leadership and correct guidance of our party and state, Attopeu has become a province where construction work is in progress and one that is now advancing. The people throughout this province now enjoy a new, better life. The communications and transport work has been thoroughly expanded. As a result, trade service has been developed to serve the people at the grass-roots.

"In addition, Attopeu has been given assistance and cooperation by the sister province of Gai Lai-Cong Tum [of Vietnam]. For example, Gai Lai-Cong Tum has assisted Attopeu in building and installing a ricemill with two medium-size milling machines. It has also helped Attopeu Province build route No 16B or Route (Katangtok). The construction of this route began in early 1984. It is now 70 percent complete. Construction is expected to be completed and the road opened for traffic by the end of 1985 as a gift to Attopeu on the occasion of the 2 December national day. Route 16B is a new road in the mountainous area linking Attopeu and Champassak Provinces. It will be more convenient for transporting goods and exchanging visits between the people of these two provinces."

In addition to the construction work, agricultural production has also been carried out in Attapeu Province. In the past year, 2 to 3 metric tons of rice per hectare were harvested, and a total of 767 metric tons of rice was paid to the state as agricultural tax. Livestock breeding has also been developed in this province--up to now more than 28,200 buffalo and more than 3,000 oxen have been raised. Cultivated areas have been expanded to some 60,000 hectares. At present, the people throughout the province have been carrying out rainy-season rice farming enthusiastically.

CSO: 4206/152

LAOS

PASASON ON ASEAN PROPOSAL FOR INDIRECT TALKS

BK171145 Vientiane KPL in English 0934 GMT 17 Jul 85

[Text] Vientiane, 17 Jul (OANA-KPL)--The "indirect talks" proposal by the recent 18th foreign ministerial conference of ASEAN in Kuala Lumpur runs counter to the actual tendency favourably to the solution of Southeast Asian problems, writes PASASON in its commentary today.

It continues: The "indirect talks" of ASEAN encouraging Vietnam and the so-called "Coalition Government of Democratic Kampuchea" to sit at a negotiation table is a very unreasonable proposal. It represents a strong obstacle to the normalization of regional peace. While the tendency favourably to a negotiation between the Indochina and ASEAN groups of countries for a settlement of regional problems is in progress, the paper points out, Thailand and China with U.S. consent have hysterically attempted to obstruct a process of this tendency from being fruitfully fructified.

A final statement of the 18th ASEAN meeting is, in fact, another prose of comedic scene jointly written by Bangkok and Beijing foreign policy-makers by adapting the U.S. style. Political figures in some Western countries, including Thai public opinion, have criticized that the final statement of ASEAN is incorrect and not in conformity with genuine intention of the ASEAN countries. The Thai DIPLOMACY magazine recently commented on its foreign affairs by describing Thailand as the sole country in retaining its stubborn attitude of confrontation against the three Indochinese countries. This is the fact showing active Thai support and sympathy to the worldwide condemned Polpotist genocidal gang.

The domestic affairs of the Kampuchean people should be tackled by themselves. They have complete rights and capability to determine their own destiny.

The victories in the past dry-season of the Kampuchean people with the assistances of Vietnamese volunteers were concrete proof of their strength in the defence of the Kampuchean motherland. As a gesture of good will to the cause of peace, stability and cooperation in Southeast Asia, the three Indochinese countries have always put forth several proposals to turn SEA [South-east Asia] into a region of real peace and stability regardless of the difference of social systems of the nations, including that as set forth by the Indochinese countries' 10th foreign ministerial conference on February 18, 1985, the paper stresses in conclusion.

CSO: 4200/1251

LAOS

KPL CITES PASASON ON THAI REFUSAL TO TALKS

BK181202 Vientiane KPL in English 0900 GMT 18 Jul 85

["No One Could Deny the Correct Position of Laos,"--KPL headline]

[Text] Vientiane, 18 Jul (OANA-KPL)--So far Laos has put forward a series of reasonable and concrete proposals aiming at normalizing its relations of good neighbourliness with Thailand. But it is regrettable that the Thai authority has opposed it with categorical refusal, PASASON writes today.

The party paper says:

It is a pity that the implementation of the Lao-Thai joint declarations signed in 1979 between the two countries--which was the result of a long and determined common effort of both peoples--was obstructed by a group of Thai reactionaries who act against the interest of their own people. Both declarations contain principles and measures destined for the development of the bilateral relations and the transformation of the Lao-Thai border into one of peace and friendship.

During the recent years, the Lao-Thai relations have evolved in a direction contrary to the interest of the peoples of Laos and Thailand and particularly since the opened aggression of the three Lao hamlets by Thai troops.

Sticking to the spirit of the Lao-Thai joint declarations, the Lao side has sent delegations to Bangkok to find out with the Thai authority a solution by peaceful means in order to normalize the relations between the two countries. But this effort was twice turned down by the Thai side. Since the breaking off of the Bangkok Lao-Thai negotiations, the Lao Government has on several occasions renewed its proposal to resume talks between the two countries. Unfortunately up to now, the Thai side has not yet responded to the Lao constructive proposals.

Worse, it accused Laos (in the Thai July 14 statement) of not having sincere intentions to normalize the relations between the two countries and put forward unreasonable preconditions prior to a Lao-Thai negotiation.

It is urgent that the Thai Government takes a distance from the hegemonists and expansionist schemes of Beijing and to open negotiations with Lao in order to settle all existing problems between the two countries.

CSO: 4200/1251

LAOS

#### BRIEFS

SRV GEOLOGICAL DELEGATION--Vientiane, 19 Jul (KPL)--A delegation of the general Department of Geology of Vietnam led by its head Tran Duc Luong, alternate member of the CPV CC, arrived here yesterday on a friendship visit. During its stay here the Vietnamese delegation will talk with the Lao side on the development of geological cooperation between Laos and Vietnam. Meeting the delegation at Wattai Airport were Nousai Sitthisai, deputy-minister of industry, handicraft and forestry, and other senior officials. Vu Tuyen, minister counsellor, and Dam Xuan Dung, economic and cultural counsellor of the Vietnamese Embassy here, were also present at the airport. [Text] [Vientiane KPL in English 0912 GMT 19 Jul 85 BK]

CONTRACT WITH BULGARIAN PAPER--Vientiane, 18 Jul (KPL)--A contract between the PASASON newspaper--organ of the LPRP--and the RABOTNICHESKO DELO newspaper--organ of the Bulgarian Communist Party has been signed in Sofia. The agreement was signed by Bountham Sai-gnalat, deputy-editor-in-chief of the PASASON newspaper, and Goran Gotev, deputy-editor in chief of the RABOTNICHESKO DELO newspaper. Among those present at the signing ceremony was Yordan Yotov, Political Bureau member of the Bulgarian Communist Party and editor in chief of the RABOTNICHESKO DELO newspaper. The signing of this contract between the two organs of the fraternal parties was in the framework of the implementation of the friendship and cooperation agreement between the Lao People's Revolution Party and the Bulgarian Communist Party. On this occasion the two sides pledged to do their utmost to implement various clauses of the contract for further developing the cooperation between PASASON and RABOTNICHESKO DELO newspapers. [Text] [Vientiane KPL in English 0923 GMT 18 Jul 85 BK]

AGRICULTURE DELEGATION RETURNS--Vientiane, 18 Jul (KPL)--A Lao delegation of the Ministry of Agriculture, Irrigation and Cooperative led by its minister, Inkong Mahavong, who is also member of the party CC, was back home on July 16 from the Soviet Union after a 10-day friendly visit. Meeting the delegation at the airport here were Khamsing Sai-gnakon, Sitaheng Latsaphon, and Bouathong Phounsalit, deputy-ministers of agriculture, irrigation and cooperative. [Text] [Vientiane KPL in English 0956 GMT 18 Jul 85 BK]

CULTURAL DELEGATION RETURNS--Vientiane, 17 Jul (KPL)--A delegation of the Ministry of Culture led by its minister, Thongsing Thammavong, alternate member of the LPRP CC, returned here yesterday from Moscow after having attended the 14th international films festival which was held this year in Moscow. A Lao documentary film on the First Congress of the Lao Women's Union was screened on this occasion. Meeting the delegation at Wattai Airport were Pheli Khounlaleuk, Somsri Desakhamphou, deputy-ministers of culture and other senior officials. Guennadi Chevelev, cultural attache of the Soviet Embassy, was also present at the airport. [Text] [Vientiane KPL in English 0924 GMT 17 Jul 85 BK]

SISAVAT KEOBOUNPHAN ATTENDS PARTY MEETING--Vientiane, 19 Jul (KPL)--The party committee of Sikhottabong District, Vientiane, held its first conference yesterday with more than 60 delegates attending. Among those present at the opening ceremony were Sisavat Keobounphan, secretary of the LPRP CC and of party committee of Vientiane; Khambou Sounisai, member of the LPRP CC and mayor of Vientiane; Thongmani Thiphommachan, alternate member of the LPRP CC and deputy-mayor of Vientiane; and other senior party and state officials from six districts of Vientiane. The conference heard a report presented by Thingkhan Phommachan, party secretary of Sikhottabong, on the socioeconomic development in the district and on the achievements scored in various fields. He appreciated the significant achievements in the tasks of national defence and socio-economic development waged by Sikhottabong inhabitants. [Text] [Vientiane KPL in English 0909 GMT 19 Jul 85 BK]

CSO: 4200/1251



MALAYSIA

HIGHEST TRADE SURPLUS IN 5 YEARS REPORTED

Kuala Lumpur BUSINESS TIMES in English 11 Jun 85 p 1

[Text]

MALAYSIA chalked up a hefty \$5.68 billion trade surplus in 1984, the highest since 1979 with record exports of \$38.65 billion, the Statistics Department reported yesterday.

The extraordinary performance was largely due to record-breaking exports of palm oil which rose 55 per cent over the previous year to \$5.34 billion and liquefied natural gas (LNG) which jumped more than 110 per cent to \$1.77 billion.

The country's highest trade surplus, \$7.06 billion, was recorded in 1979.

Last year's trade surplus was 187 per cent higher than 1983's \$1.97 billion.

The 1984 exports increased 18 per cent from \$32.77 billion in 1983, while imports were seven per cent higher at \$32.96 billion.

Crude petroleum still retained its position as the biggest foreign exchange earner even in nett value, contrary to projections that palm oil had taken over the No. 1 slot last year.

Exports of crude petroleum totalled \$8.73 billion and this was offset by imports worth \$1.29 billion, bringing nett earnings to \$7.44 billion.

The department classified mineral fuels and lubricants as the biggest export item with sales worth \$11.43 billion, up

from \$9.3 billion the previous year. This item made up 29.6 per cent of total exports.

This is followed by inedible crude materials comprising mainly rubber and timber exports at \$8.11 billion (21 per cent of total exports) and machinery and transport equipment the bulk of which consisted of semiconductor components, thermionic valves and tubes and photocells amounting to \$7.33 billion (19 per cent).

Last year's rubber exports were maintained at the 1983 level of \$3.66 billion.

Exports of animal and vegetable oils were valued at \$5.86 billion (15.2

per cent), up from \$3.82 billion but exports of tin fell 32 per cent to \$1.16 billion from \$1.71 billion.

Other manufactured goods and miscellaneous manufactured items brought in another \$2.56 billion, up slightly from \$2.21 billion while apparel and clothing contributed \$682.2 million, up from \$500.8 million.

Of the import bill, machinery and transport equipment accounted for a sizeable 45.3 per cent or \$14.94 billion, manufactured goods \$5.12 billion (15.5 per cent), mineral fuels and lubricants \$3.42 billion (10.4 per cent) and food imports \$3.24 billion (9.8 per cent).

CSO: 4200/1246

MALAYSIA

POLICE OFFICIAL ON ANTICOMMUNIST OPERATIONS

BK230752 Kuala Lumpur BERITA HARIAN in Malay 17 Jul 85 p 2

[Text] The revolutionist factions and the Marxist-Leninist Communist Party of Malaya [CPM] are the groups worst hit by the security forces in follow-up operations since February. The security forces were successful in destroying several of their bases, including their headquarters, and in seizing a large amount of booby-traps and foodstuff in operations conducted in the districts of Betong, Ban To, and Bannang Sata.

The deputy inspector general of police, Datuk Haji Abdul Rahman Haji Ismail, disclosed that intelligence information had revealed that their communications with the public had been severed and that they had been forced to leave their operational areas to seek shelter in other regions. Datuk Haji Abdul Rahman said this when he officiated at the opening of a Gazetted Senior Police Officers meeting at a well-known hotel in Kuala Terengganu today. He said the communist elements' activities in south Thailand are now at a low stage overall due to the operations launched by the security forces since the middle of this year. He added that, since February, the security forces had intensified operation against the communist terrorists and this had curtailed their activities.

Datuk Haji Abdul Rahman said that because the armed struggle had stagnated, the CPM, beginning in 1979, tried to reactivate and intensify its united front activities. He said one aspect of the communist threat that the general public should be aware of is subversive activities. The CPM, he said, directed its cadres to infiltrate into the various organizations and societies with the objective of instigating and exploiting sensitive issues and people's problems, which could bring about antigovernment sentiment. He said "With such reasons, we must always be alert to face any eventualities and public cooperation should be elevated for the country's importance."

Concerning criminal activities, Datuk Haji Abdul Rahman said that on average, the crime rate in the country has increased by 5.95 percent, or an equivalent of 1,894 cases, compared to the same period last year. It has become more obvious if compared to previous years. The deputy inspector general of police added that the increase in crime was expected due to the country's rapid development.

CSO: 4213/285

PHILIPPINES

PAPER REPORTS LABOR UNREST AT U.S. MILITARY BASES

HK120320 Quezon City ANG PAHAYAGANG MALAYA in English 5 Jul 85 p 9

[Article by Godo Pineda]

[Text] Olongapo City--The already brewing labor unrest in American military facilities in the country gained a new dimension when some 22,000 Filipino workers vowed through their leader to emancipate themselves "from the shackles of total dependence on the Philippine Government for strength."

The vow was made by Roberto A. Flores, president of the Federation of Filipino Employees Associations in all U.S. facilities (FFCEA) in a speech following his induction for a second three-year term as federation president held June 27 at the International Youth Center here.

Before an audience of local and foreign dignitaries headed by Labor Minister Blas Ople and Rear Admiral Edwin Kohn Jr., commander-in-chief of Pacific representative Philippines, Flores blasted at what he called the "lopsided" provisions of the 1968 RP-U.S. base labor agreement (BLA) in favor of the U.S. Government.

The lopsidedness has prompted the workers, according to Flores, to adopt a new policy of "self-reliance founded on solidarity as the alternative for economic and social stability of the Filipino work force."

The policy was a "choice of either to swim in the murky waters of iniquitous labor relations with a dim hope of survival, or to sink in the mire of perpetual substandards of employment," Flores said.

Flores said that "it is an alternative for survival."

After more than a year of negotiations that started December 1983, the U.S. and Philippine governments have produced a revised draft agreement on the BLA but the latter is not about ready to sign it.

The inequities in the present labor pact are so scandalous, said Flores, that Americans are paid 10 times more than their Filipino counterparts doing exactly the same type of work.

He cited such "glaring disparities" as an American security guard being paid \$4.80 per hour as against P[peso]7 for a Filipino; or an American supervisor "getting the cake" of \$15.06 an hour as against the crumb of P21.77 for his Filipino counterpart.

In the current negotiations for a new collective agreement, the U.S. panel refused to grant the workers' mid-year bonus demand of P2,500 each which is the exact equivalent of the P200 given them since 1968.

The workers are also demanding a new arbitration system, including the removal of the power of an American commanding officer to reverse an exoneration decision of an arbitration board on workers facing complaints.

Today, such reversal is binding, final, executory and non-appealable.

The provisions of the BLA that support to assure workers' rights, including bargainability of wages and compensation, are "meaningless" and "mere palliatives" which explain the soured employer-employee relations in the facilities, Flores said.

The workers are also clamoring for the reversion of retirement benefits and the coverage of compensable injuries, illness and death from the Philippine employees compensation and medical care programs to the U.S. Federal Employees Compensation Act.

Flores accused the U.S. Government of applying Philippine labor laws in the facilities only if they serve the Americans' purpose.

"The reluctance of both governments to help alleviate the workers' plight and other numerous unresolved economic and political issues have constrained the workers to consider their one and only ultimate weapon, namely work stoppage," Flores said.

CSO: 4200/1206

PHILIPPINES

MARCOS' SON RETURNS FROM CHINA MISSION

Manila BULLETIN TODAY in English 21 Jun 85 pp 1, 15

[C. C. Rosales]

[Text]

MANILA INTERNATIONAL AIRPORT — Ilocos Gov. Ferdinand R. Marcos Jr. returned Wednesday night from a goodwill mission to the People's Republic of China where he represented the Philippines in commemorative rites marking the formal opening of diplomatic relations between the two countries 10 years ago.

In an arrival statement, the young Marcos reported that "in that brief span of 10 years, the relations between China and the Philippines have progressed and matured quickly and smoothly, demon-

strating our common desire and determination to achieve mutuality, respect, and equality."

While in China, the Philippine group met with President Li Xian-nian, Acting Premier Wan Li, State Councilor Ji Pengfei and other government officials.

Gov. Marcos said the sentiments of friendship and goodwill which the group carried for the Filipino people and government was fully matched and even exceeded by the enthusiastic reception and welcome given them by their hosts.

He said that the possibility of expanding trade of local products and services was discussed during talks.

CSO: 4200/1223

PHILIPPINES

MARCOS ORDERS PROTECTION FOR SOUTHERN TRIBES

Quezon City ANG PAHAYAGANG MALAYA in English 21 Jun 85 pp 1, 6

[Text]

President Marcos yesterday ordered the Armed Forces to provide protection to Mindanao tribes who had complained of harassment by terrorists.

The tribes trooped to Malacanang to air their complaints against the abuses of dissidents and pledge their loyalty and support to the President and his administration.

The Manobo datu were led by Tagliong Coquit, Supreme Datu of 50 Manobo tribes of about 100,000 spread in the forests of Davao del Norte, Surigao del Sur, Bukidnon, Agusan del Norte, Agusan del Sur and Misamis Oriental.

Supreme Datu Tagliong, is venerated by his people and respected by the Christians in Mindanao.

The tribal leaders were accompanied by Minister Simeon Datumanong of the Office of Muslim Affairs and Cultural Communities.

The tribal chieftains also sought Presidential assistance for the solution of their other problems, for which

the President immediately issued the following orders:

- Ordered the immediate development, of settlements for the Manobo tribes, of the 3,604 hectares of the Manobo ancestral lands in La Paz and Loreto, Agusan del Sur. The area has been segregated as a Manobo Civil Reservation under Proclamation No. 2205 issued on June 5, 1982.

- Instructed Datumanong and Mayor Mai Tuan of Tiboli, South Cotabato, to take the necessary steps for the membership of the Manobo tribes in the Philippine Association of Cultural Minorities, presently headed by Tuan.

- Directed Datumanong, Mayor Oscar Torralba and Dr. Casiano Plaza, a Civic leader to coordinate their activities with other government agencies in the development of the settlement area.

- Ordered an investigation of the alleged illegal logging by some CHDF members and government officials.



Informed that Torralba is a member of the United Nationalist Democratic Organization, the President emphasized that there is no party distinction in his policy to ensure the protection and welfare of the people.

Despite his being an opposition man, Torralba gave President Marcos a big majority in the 1981 elections.

In line with his policy of giving equal treatment to all tribes, the President told the cultural minority leaders to course all their requests for assistance and project proposals to Datumanong.

CSO: 4200/1223

PHILIPPINES

FORMER SUPREME COURT JUSTICE SEES 'VIOLENT END' FOR MARCOS

Quezon City WE FORUM in English 26 Jun 85 p 2

[Article by Girlie Hubilla]

[Text]

A former justice of the Supreme Court yesterday said he feared a violent end for the Marcos government should it persist in violating the constitution.

Jose B. L. Reyes said the unabated use of the legislative powers of the President "might push people too hard against the wall and increase the insurgency problem in the country."

"People might find no other alternative than the use of force and when they come to that point, we will all feel sorry," Reyes told WE Forum.

"It is no longer a question of whether the people have reached the saturation point or not. The point is if Marcos continues with what he is doing right now, time will come when people will say 'let's go on the other side' because it cannot be worse than the present," the retired Justice added.

CSO: 4200/1243

PHILIPPINES

COLUMNIST REPORTS ON MARCOS' HEALTH

HK170831 Davao City PEOPLE'S DAILY FORUM in English 27 Jun 85 pp 1, 9

["Perspective" Column by Roger Flaviano: "On Jison's Presidential Pardon"]

[Excerpts] Now it can be told that when President Marcos granted newsman-Councilor Jose Jison absolute and unconditional pardon upon representations of Davao newsmen in Malacanang, the President was actually in good mood and high spirits after a team of foreign doctors give him a clean bill of health. The President had no "lupus," a cancerous disease, as earlier suspected.

Inviting newsmen to lunch at the Maharlika Hall which later developed into a 5-hour conversation, Marcos talked about the ordeal that he had undergone under the hands of his doctors who had scanned all the suspected ailments in his body.

"I was literally subjected to a kempetai [Japanese secret police in the Philippines during World War II] treatment worse than during the Japanese time," Marcos said of his doctors whom he later asked: "Where did you learn all these kempetai treatment?"

Imelda Marcos, the first lady, was then seated beside Marcos in the lunch table told Davao newsmen that the President has been taking "steroids" to cure his eye retina and while his face was swollen because of the drugs, his retina has not only improved but his once balding hair has also become thick with more hairs, the First Lady added.

Then, the President expressed his nostalgia for Davao saying that "Davao is my second home, that is the place where I learned to shoot (with a rifle)," he told us.

The President then talked about the dissident situation in Davao City and said "We are just starting to fight and we are not willing to accept it anymore."

Marcos then revealed a planning and retraining program for soldiers in Davao saying that soldiers who are already combat-fatigue should be pulled out and retrained because they are no longer effective in the field.

"There should be a restudy of our soldiers," the President said adding that there is a need for the Filipino ideology to be eternalized. He said that the radicals are promoting a foreign ideology when "Marxism" which came from

Germany is not even being implemented there right now. Even Red China has discarded the "Marxist" ideology and has now become a capitalist country, he said. He deplored that the radicals do not know the foreign ideology that they want to impose in the Philippines.

"Whatever you say, we are a free society and there can be no other compromise with any other alien ideology, he said. The President later cited the experience of Cambodia where about 2 million intellectuals, mostly journalists and lawyers were the first to be massacred when the communists overrun and leveled the place for their own objectives leaving only those who are farmers--illiterates who would follow them blindly.

CSO: 4200/1239

PHILIPPINES

PAPER: FIRST LADY'S REMOVAL PAVES WAY TO CANDIDACY

Quezon City ANG PAHAYAGANG MALAYA in English 22 Jun 85 p 4

[Editorial: "FM Replaces FL"]

[Text]

An AFP dispatch yesterday claimed that President Marcos has replaced his wife, Imelda, as the KBL campaign manager in Metro Manila for the 1986 local election.

People are now speculating on the possible motives and the political scenario to be brought about by this interesting development.

The immediate reaction is that the First Lady has been replaced by the big political boss himself because of the debacle in last May's Batasan election where the opposition beat the daylights out of the moneyed, well-oiled, well-entrenched and powerful ruling party, 15 to 6.

We do not think this is the reason. The President is so attached to his wife, almost to the point of idolatry, to simply brush her aside like that for a debacle which could not be helped. Mrs. Marcos did everything humanly possible for the KBL candidates in Metro Manila, to the extent of giving out fat envelopes of money to almost everybody in the barangays; so she could not be faulted.

The real reason may be that the President has another plan for his wife, most likely to make her run for President in an early election. If she will be the KBL presidential standard bearer, she will naturally have no more business directing the party campaign in Metro Manila.

Another plausible reason is that Mr. Marcos knows his party will again suffer a terrible shellacking in the national capitol region, so it would be most prudent to save her from another humiliation in the coming local election.

There is of course, still another possible explanation - to finally keep his wife out of

politics -- but this is out of the question, considering that Mr. Marcos has been using Mrs. Marcos as his political "secret weapon" in his entire political career. He cannot discard her political services now; neither would Mrs. Marcos agree to it.

But if only he has the strength to prevail upon her to get out of politics, and she finally finds the inclination to agree because politics, in our country, is mainly a man's game, despite what the libbers will say, how much better and less complicated would our politics be.

But this, of course, is wishful thinking.

Now, what could be the real reason for this latest strategy of Mr. Marcos of replacing Mrs. Marcos as the KBL campaign manager for the coming local poll?

CSO: 4200/1223



PHILIPPINES

OPPOSITION PAPER ON ECONOMIC EFFECT OF GRAFT, CORRUPTION

Quezon City ANG PAHAYAGANG MALAYA in English 28 Jun 85 p 4

[Editorial: "The Cause of the Crisis"]

[Text]

If it were not a longtime open secret in this part of the woods, the conviction expressed by foreign risk analysis experts on one of the major causes of the economic ills besetting the Philippines would have been an eye-opener. As it is, it simply exposes the country's "window of vulnerability" to the outside world and the pressures this rotten administration has to bear to bail itself out of the present mess it has created.

Expectedly, this "window" is structured within an ugly framework of massive graft and corruption. Risk analysis experts of Manufacturers Hanover Trust Co., which is the head of the international consortium responsible for new credit grants to the Philippines, and Wall Street investment experts, share the common belief that the local banks failed miserably in the conduct of their transactions. The experts pinpointed the Philippine National Bank, the Development Bank of the Philippines and the Land Bank which were termed "un-businesslike" in enforcing and collecting amortizations due on government-guaranteed foreign loans.

Thus, instead of paying amortizations and channeling much-needed foreign exchange into the Central Bank and the banking system, borrowers salted their dollars abroad. The inevitable result is a massive swelling of the country's external debts as interest mounts and compounds due to non-payment of amortizations.

There is no doubt that graft and corruption are behind these shady deals. For how could this criminal neglect go on without the active connivance and participation of top officials of the PNB, DBP and LBP who must be raking their own "payola" for condoning the anomaly? How, for instance, could a well-known shipping firm acquire two freighters from Japan through DBP-guaranteed loans, pocket a few million dollars in overprice before delivery was made, and then refuse to pay amortization?

Only two possibilities may be inferred: Either some DBP officials made oodles of money from the transaction, or they were under orders by the super-powers-that-be, or by some of their more greedy underlings who seem to have their unerring fingers pointed at some money or garbage pile all the time.

The Wall Street experts called the shipping firm transaction – and others like it – “fraudulent” and warned that unless this is stopped, the Philippines will find itself in no position to get out of its present “hole”.

Whether this observation was made out of a sense of altruism or to protect the substantial investments of the creditor banks is really not at issue here. What is at stake is the country's future and the children of the coming generations who will have to pay – literally and figuratively – for the sins being committed with reckless abandon by the hated regime.

CSO: 4200/1253

PHILIPPINES

STUDY FORESEES KBL TO GET LESS THAN HALF TOTAL VOTES

Quezon City VERITAS in English 30 Jun 85 p 10

[Text]

**A** STUDY conducted by MP Luis Villafuerte (Opposition, Camarines Sur) of the May 14, 1984 elections showed that if all those who voted for the KBL in 1984 would again go KBL in the coming presidential elections, the KBL will get only 46.4 per cent of the votes.

Villafuerte used this study to stress the need to field only one opposition candidate in a presidential election.

"If the opposition is united and all those who did not vote for the KBL in 1984 will vote opposition, then we will win. If there are two strong opposition candidates, then the 53.6 per cent anti-KBL votes will be split and it is possible that we will have a minority KBL president," Villafuerte told *Veritas*.

Villafuerte made this conclusion by dividing the country into 13 regions, including Metro Ma-

nila, adding the votes of all KBL candidates in each region and then dividing the sum by the number of Batasan seats at stake to get the average party votes. He then lumped together all non-KBL votes and use the same process as above.

"The KBL had an average party vote of 8,876,083.8 in 1984 compared to 10,252,596 of anti-KBL votes. The opposition then actually got 1,376,512 more votes than the KBL," he said.

The study showed that the opposition has the biggest edge in Southern Tagalog with 748,671 more votes than the KBL, followed by Metro Manila with an advantage of 623,471, Western Mindanao with 538,435, then Southern Mindanao with 368,367.

The opposition also got more votes in Bicol, Western Visayas, and Central Visayas.

"In Ilocos and Cagayan Valley, the Commission on Elections said that the voters' turnout in 1984 was 96 per cent, of which 90 per cent went to the KBL. Give the two regions to the KBL, those votes are easily repaid in Metro Manila. In Luzon, the opposition will win by two million," Villafuerte said, while stressing that the Luzon votes comprise about 60 per cent of the total votes in the country.

Villafuerte, however, advised the opposition to be more vigilant and not allow the 1984 irregularities to be repeated at a bigger scale.

"The next presidential elections will not be an ordinary one. It will be a war. It is President Marcos' last card and he will resort to anything to win," Villafuerte warned. — ELD

CSO: 4200/1256

8 August 1985

## PHILIPPINES

## CATHOLIC WEEKLY REJECTS LAUREL PRESIDENTIAL BID

## 'Sinking Feeling He Isn't Very Different'

Quezon City VERITAS in English 30 Jun 85 p 8

[Article by Rina Jimenez David: "Making All the Wrong Moves"]

[Text] Doy Laurel, the 'early bird' in the race to secure the NUC's nod as common opposition candidate for president, was 30 minutes late for the interview.

He stepped into his law office in casual wear, beige pants and sand-colored shirt, excusing himself while he took out a gift for former Senator Mamintal Tamano, who had dropped by. Then he picked up a copy of some obscure "health magazine" that had him on the cover, visibly pleased at the blurb: "Doy Moves With the Energy of Superman!" Earlier, another Laurel supporter had given this writer a copy of THE NEW VARIETY magazine that headlined: "Macoy vs. Doy." "Look at this," said UNIDO secretary general Rene Espina, commenting that the magazine had used old shots of the President. "Oh, but they used old photos of me, too," said Doy, "look at this. I still have long sideburns."

Today, the sideburns are gone. In fact, the hair is thinning quite a bit, although only slightly graying, not really unusual for a grandfather many times over. The boyish, clean-cut face has taken on a few lines, obscuring the celebrated charm that used to win over starlets and beauty queens in the good old days of the Senate.

There is something about Doy Laurel that disturbs the "new" voter--that is, anyone who wasn't old enough to vote before 1972, and refuses to take part in any election after Martial Law, save for '87, of course. Apart from the suspicion that there is more style than substance in the man, there is also the sinking feeling that he isn't very different from the guy whose regime he wants dismantled.

To which Laurel of course protests vigorously. "People who say I do not represent any real change in the system are those people who like somebody else. There is a great difference between Marcos and UNIDO.

And between UNIDO and all other opposition parties, it seems, if we go by the stream of press releases and letters to the editor traded daily by the Laurel camp, and followers of Kalaw, Salonga, Tatad, Pimentel, and even Cecilia Munoz Palma of the NUC.

According to Espina and other UNIDO factotums, the June 12 convention at the Araneta Coliseum has sent all other political parties reeling. "It was the best-organized convention since Martial Law," crows Laurel. UNIDO leaders were also overheard claiming that all the presidential noises being made by other opposition figures these days, were merely ploys to catch Doy's attention, in the hope that he would offer them the vice-presidency. Countering reports that Doy had offered the No 2 post to eight people, all of whom refused him, Laurel replies: "I'm not in a position to do so. Besides, that could not have been before June 12, because right after the convention I went into hiding."

All right, but what about this current storm brewing over some MP's moves to have UNIDO declared the dominant opposition party? And the party's obstinate stance that it can and will remain a two-headed monster, being both political party and umbrella organization?

"UNIDO has to be both," insists Laurel, "and it's not because it's (UNIDO) *suwapang* (greedy), but because it's not stupid."

"These are not normal times," he explains, "this is a very abnormal political situation. We should never forget that Marcos is still a dictator. He can change the rules anytime, at his will or whim. Therefore we must be ready for anything, we should have sufficient flexibility to meet any situation."

UNIDO is seeking DOP status because the KBL-dominated parliament might not be willing to give it to the NUC, which represents all opposition parties, but which is "merely a committee." Says Laurel: "Palma may say the NUC should be the DOP, but that is a should, an 'ought to,' it's different from 'what is.' I think Justice Palma assumed it was a matter of UNIDO giving it to NUC. But then . . . we're not sure that if we give it to you, it will go to you. The KBL has said it (DOP status) cannot go to a committee, in effect, it has said the NUC cannot be the dominant opposition party."

But oppositionists need not worry, assures Doy, should his party get full accreditation, "UNIDO is going to share it with all opposition parties nationwide."

With the existence of the NUC, why should UNIDO insist on retaining its status of an opposition coalition? Replies the UNIDO president: "Because we want to ensure or maximize the unification (of the opposition)." Under UNIDO's umbrella, he claims, are all opposition political parties "except part of LP and part of PDP."

Even the National Unification Committee, hailed with great fanfare as the last white hope of a united opposition, is, says Laurel, a creation of the UNIDO, which itself began as another "great hope" for unifying a fragmented opposition.

"UNIDO cannot disengage or disassociate itself from the fact that it was the one that created the NUC, we cannot deny that. And we believe in the task we assigned to it, but the moment its task is

done, it becomes *functus officio*."

The NUC, adds Laurel, is "a creation, a committee, an instrumentality (towards) the conversion of UNIDO into a political party. That was to be the ultimate move of this consolidation of forces."

To put it more bluntly, the move will mean "the absorption of all those who are aligned with it (UNIDO) into a political party."

**N**OW that the NUC seems to take seriously its duty not to favor any one party, even its parent, UNIDO leaders are slowly shedding all paternal feelings towards its offspring.

Says Laurel: "The NUC is supposed to choose the common opposition candidate, but how can they choose, if they don't have the system of formula yet? All political parties are committed to support a common candidate, yes, but only if the system (of selection) is accepted by all. Because what happened with the [word indistinct] may happen with the NUC, if the NUC comes forward with a system that is undemocratic."

For the UNIDO standard bearer, the only "democratic" means of selecting the common candidate would be through a convention. Observers say that "if we go by the delegates who attended the March 10 NUC meet, then Doy will be it, because most of the delegates were for Laurel."

People who doubt that political conventions are any more democratic than KBL caucuses are "bystanders who do not know what goes on," says Laurel. "You cannot rig a convention. It takes many things to win one--credibility, acceptability, capability, organization and funding." And not by the CIA, Japan or Marcos, Laurel laughs. "UNIDO gets its money from donations, from concerned businessmen who do not want to be known in case their businesses are closed by Marcos. You'd be surprised, we also get lots of small donations."

In the Nick Joaquin opus Doy Laurel in Profile, Laurel claims that following the Aquino assassination, the business community hailed his resignation from the IBP in September 16, with the first confetti rally along Ayala.

In the same book, Laurel admits he was "in a state of suspended animation" through the early years of Martial Law. When he came home in 1973, he was willing to give Marcos the benefit of a doubt. "I saw something that was not too bad. There was peace and order, private armies had been disbanded, loose firearms had been confiscated, people were crossing in pedestrian lanes, the economy registered a good record..." He was even willing to run under the KBL banner as assemblyman for Batangas.

This lingering taint of association with the regime clings to Doy Laurel to this day. That and his image of an "Amboy." It is a difficult image to merely shake off; although, in the political arena where logistics, charisma and grassroots organizing are what really count, not issues, it is not the liability it would seem.



"Depende na yan sa leader," says Doy Laurel when asked how the Philippine government can face up to the Americans, who can exert pressure on the locals when they want to. "Depende na sa lalaki yan. That is the test of the leader's mettle," citing how his late father, the former President Jose P. Laurel, risked his life when he refused to conscript Filipino troops against American forces.

Personalities again. Perhaps it really isn't time yet for the new politics to take over, what some call cause-oriented politics ("We have causes, too," says a UNIDO man). Is it really all that impossible in the Philippines?

Call this an unfair conclusion, if you wish, but with politics in the hands of politicians, of which Doy Laurel, newcomer that he claims to be, is viewed by many as an example, par excellence, that ideal seems elusive as ever.--  
Rina Jimenez David

### Opposition Belittles Laurel

Quezon City VERITAS in English 30 Jun 85 p 10

[Article by Efren L. Danao: "An Oppositionist View: Doy, Oh, Doy!"]

[Text] **S**IN Salvador "Doy" Laurel became the earliest entry into the National Unification Committee-Convenor Group (NUC-CG) pool of potential standard bearers when he was named June 12 as UNIDO's sole nominee.

An NUC-CG proposal formulated by MP Cecilia Muñoz-Palma, NUC chairman, and Cory C. Aquino of the Convenor Group gave each major political party and group until August 21 to come up with their own nominees. From this pool will be selected the opposition's lone presidential candidate either in a snap election or in the scheduled 1987 election.

Laurel's followers contend that Laurel's early entry indicates UNIDO's preparedness "for any KBL surprises" and that right now Laurel is the leading presidential contender. Among the major contenders are Sen. Jovito Salonga and MP's Eva Estrada-Kalaw, Ramon Mitra, and Aquilino Pimentel.

Other opposition leaders, on the other hand, look at Laurel's early nomination differently. MP Kalaw told *Veritas*: "Well, he is expected to get the UNIDO nomination. He has been working for it for two years now, anyway. But I am surprised that they had to have a big convention when they are very sure anyway that it was Doy whom they would nominate.

I think it would have been more practical and probably less divisive if they just said: 'Alright, the UNIDO nominee is Doy Laurel!' We might do just that, you know - make our selection of our nominee simple in case of a snap election."

The June 12 UNIDO convention was held at the Araneta Coliseum and was attended by about 10,000 members and sympathizers. Some say other opposition groups would find it hard to duplicate the feat. An opposition leader who refused to be identified said that they can easily do the same "if they will also invite any Tom, Dick and Harry to the convention."

"In fact, even my utility men, driver, and clerks were accredited to the convention although they were not UNIDO members," he said.

In her message to the UNIDO convention, Cory Aquino expressed her own hope that the convention did not entail enormous expenses. "Let us remember that so many of our countrymen are now deprived of even the basic necessities of life and we should condemn all forms of extravagance," she said.

**M**P Ramon V. Mitra also questioned the hype given to the UNIDO convention, adding that if they will hold a convention, they will invite only card-carrying members. "The selection of party nominee is a matter that concerns only party members," he explained.

He also does not think that Laurel is the opposition's front-runner in the presidential derby. "He is the frontrunner of the UNIDO only. If it is a horse race, Doy is merely the first one at the starting gate. One does not win the race by being the first at the starting gate. Why, the race has not even started," he said.

MP Lito Atienza of Manila, on the other hand, concedes that Doy's early nomination is an advantage "but only if there will be a snap election." He adds, however, that indications point to a presidential election in 1987 as scheduled.

"In fact, the KBL reportedly wants the synchronization of local and presidential elections to be held in 1987 rather than in 1986," Atienza pointed out.

He stressed that Doy's early entry will turn out to be a big disadvantage if elections are held in 1987. "I can't see how a person can possibly campaign for two years without falling flat on his face. He is bound to commit big mistakes and his campaign will falter. Doy's early entry, therefore, is meaningless and other candidates can overtake him," he added.

Atienza, the Liberal Party spokesman, said that his party already has the mechanism for choosing its lone nominee to the pool of potential standard bearers but they will not name this nominee unless a snap presidential election is held.

Former Congressman Jose Cojuangco Jr., PDP-Laban secretary-general, told *Veritas* that Doy is not the frontrunner, nor does he enjoy any advantage in being the first nominee to the PSB pool. "The other political parties merely don't think it is necessary to

announce their candidates right now," he said.

Some opposition leaders are even accusing Doy and his men at the Batasan of undue haste in filing a bill that would virtually name the UNIDO as the dominant opposition party entitled to poll inspectors. The Liberal Party and PDP-Laban want the NUC to get the accreditation.

The bill, signed by 44 opposition MPs, was rejected by 14 others. Those who didn't sign were Munoz-Palma, Kalaw, Atienza, Pedro Marcellana, Victor Ziga, Mitra, Antonio Cuenco, Zafiro Respicio, Augusto Sanchez, Fabian Sison, Emigdio Lingad, Emigdio Tanjuatco, Nenita Daluz, and Douglas Cagas.

Former Speaker Jose B. Laurel, Jr. had the bill ready for filing last May but it was reportedly not filed while they waited for clarification on the status of the NUC. A subsequent meeting identified the NUC as the new alliance. Only MP Wilson Gamboa refused to subscribe to this view.

The bill, however, was filed last June 6, a day before the first session of the Batagan adjourned sine die. MP Kalaw vowed to fight this bill on the Batasan floor. "The UNIDO is a mere one-tenth of NUC. It cannot get the accreditation," she argued.

Mitra also gave a similar opinion. Said he: "Any party that seeks the dominant opposition party accreditation away from the NUC will undermine the unity of the opposition. Definitely, neither the PDP-Laban nor the Liberal Party will seek accreditation. Persons who will do so are not working for the unification of the entire opposition but only for their own selfish interests."

But as the saying goes, everything is fair in politics and politicians are known to use every available means to bolster their interests. For instance, Doy was one of the signatories in the Nacionalista petition to the Comelec filed October 28, 1967 to disqualify Liberal Party candidate for senator Ninoy Aquino "for being underaged."

The constitution then provided that a senator must be at least 35 years old "at the time of his election." Election day in 1967 was November 14 and Ninoy was to be 35 on November 27. The NPs lost their case before the Comelec, elevated the case before the Supreme Court and lost it again, then raised the case before the Senate electoral tribunal which finally-laid the case to rest when NP Sen. Rodolfo Ganzon voted for Ninoy.

If UNIDO gets the accreditation, as Doy so confidently predicts, then Doy will definitely have the aces in his sleeves. Its effects on opposition unity, however, is a big question mark. Unless opposition unity is assured, the opposition may as well kiss its bid for Malacanang goodbye.--Efren L. Danao.

CSO: 4200/1256

PHILIPPINES

OPPOSITION LEADERS WELCOME NPA ELECTION AID

Quezon City WE FORUM in English 26 Jun 85 p 2

[Article by Butch Fernandez]

[Text]

Opposition leaders said last night they will welcome support from any well intentioned group, including the New People's Army (NPA) if only to ensure the conduct of free and honest elections.

Speaking before members of the Manila Jaycees and the Rizal Lawyers' group, the opposition leaders said that while they are "not seeking nor soliciting rebel support to put up a semblance of balance of terror in the opposition's drive to oust the 20-year Marcos reign" they added, "we will appreciate offers of assistance from all sectors of society, including the NPAs."

MP Eva Estrada Kalaw, co-chairman of the Liberal Party (LP) told Jaycee members and Rizal lawyers "we will welcome support from the US government, the Russians, and even China, provided it will help ensure the conduct of free, honest and orderly elections."

Asked earlier on their parties' individual stand on offers of rebel assistance to ensure clean and honest polls, Kalaw said, "we will even welcome the KBL for as long as we can get an assurance that whoever wins will be declared the winner by the Comelec."

For his part, Teofisto Guingona of the Sandata said, "we will welcome anybody who wishes to support the opposition's cause, except Ferdinand Marcos."

Evelto Javier, an opposition stalwart who filed an election case against Antique KBL assemblyman Arturo Pacificador for alleged election fraud during the last Batasan elections, said he does not see any reason to deny offers of assistance from the rebels to ensure the conduct of honest polls.

He told the same forum that "we have no problems with the NPAs, as we seem to be working along similar goals and that is to oust the Marcos dictatorship."

He added that "most NPAs nowadays are not really communists, but were forced to live their lives in the mountains because of continued repression and abuses by the so-called Marcos military machine."

MP Nepital Gonzales, Batasan assistant minority floor leader, for his part said the coalesced opposition would surely welcome support from all sectors of society not on ideological grounds, but only to ensure the conduct of clean and honest elections where the true sentiment and will of the people will prevail."

Some opposition supporters attending the Jaycee symposium, however, warned the opposition that their "rash decision" to welcome foreign or rebel support may only add further justification to earlier Marcos charges of collusion between opposition leaders and communist elements out to topple the Marcos dictatorship.

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PHILIPPINES

VERITAS ARTICLES ON GOVERNMENT 'CAMPAIGN' AGAINST CHURCH

Cardinal Sin: 'Our Holocaust'

Quezon City VERITAS in English 30 Jun 85 p 13

[Article by Ana Mariano, PNF: "Priests Under Fire"]

[Text] The colonel's message was loud and clear: "Kill a priest, a nun or a church worker and frighten thousands.... Almost all of them are NPAs (New People's Army rebels). The Church promotes Communism and Bible services and Katilingban (Basic Christian Community Organizations) meetings are NPA meetings." The barangay leaders listened intently as the colonel lectured in the crowded municipal hall in M'lang town, in the Kidapawan diocese, North Cotabato, on 23 October 1984.

"It sounded like a bugle call signalling the beginning of a campaign against the Church of Kidapawan," complained the Roman Catholic diocese's Bishop Orlando Quevedo (See box) [not printed] to military regional commander Brig. Gen. Cesar Tapia.

But within days, the colonel's unofficial call had been quietly heeded elsewhere. Two Protestant pastors were slain in Surigao del Sur. A Protestant rectory was raided by military elements farther north, in Besao, Mountain Province. Two other pastors were arrested along with church workers, one of whom is still missing. Suspicious robberies also occurred in church offices, while a fire of mysterious origin razed the home of Bacolod Bishop Antonio Portich, an outspoken critic of the government.

In Kidapawan, the "campaign" reached a bloody climax. Fr. Tullio Favali, the Italian parish priest of Tulunan, North Cotabato, was riddled with bullets by members of the paramilitary group Integrated Civilian Home Defense Forces (ICHDF) last 11 April. Two months later, Celestino Carino, a church worker, his wife Maria Viana and four children were killed in their home in Tulunan. Earlier, the Carino family was threatened by local ICHDF men.

Fr. Favali's killing appears to have set off a renewed pattern of terror against church people. On 17 May, during a town fiesta, Fr. Alberto Romulo was slain by unidentified gunmen in front of his congregation on the parish

church of Polanco town, Zamboanga del Norte. A chaplain at the Constabulary camp in Sicayab, Dipolog City, Fr. Romulo's death was blamed by government spokesmen on the NPA. But a close friend of the priest, who asked not to be identified, said she was "certain" soldiers fired the shots that killed Fr. Romulo.

In the past 3 months, more priests were either killed or arrested: Protestant pastors Magnifico Osorio, Elpidio Sumanil and Mariano Beling--killed; Fr. Pepito Bernardo, 34, detained thrice by the military--died under mysterious circumstances last 9 June; Fr. Teodoro Remigio, parish priest of Piddig, Ilocos Norte--accused of subversion and subsequently arrested.

"Many of us live with a death sentence hanging over our heads," priest and lay leaders say. The group agrees with the growing consensus among church groups and religious that a systematic campaign to persecute the Church is indeed going on.

But why the Church?

Fr. Peter Geremiah, Favali's outspoken assistant parish priest and for whom, his parishioners believe, the bullets which felled Favali were meant, is sure why the Church has been singled out. "The Church has always tried to be in this critical situation with a greater role, because the people turn to the Church to look for some sort of comfort, guidance, to get at least a chance to pour out their feelings."

For Manila's Jaime Cardinal Sin, the killings make up "Our version of Argentina's 'dirty war' and Nazi Germany's holocaust."

The Philippine Church's response to the crisis plaguing the country has been slow but significant. First, rank and file priests and nuns set up the BCCs, the local version of the South American community-based organizations involved in self-help projects.

Next, they set up institutions to assist various sectors and even organized mass protests against the government. On the whole, the Church's "preferential option for the poor" became more pronounced. To work for justice has become an imperative for the faithful. What started out as a feeble concern for human rights has now become a new and major Church commitment.

Church people who have been killed, detained or harassed were guilty of only one crime, says Mindanao Social Action Chairman Ramon Villena. They were "faithful in proclaiming the good news of liberation."

State-church skirmishes have inevitably involved the hierarchy, with the traditionally conservative Church leadership engaging government in a word war. Last month, Cardinal Sin told the Washington press that the Communist insurgency will continue to gain ground unless the "abuses of the Marcos government" are eliminated.



The government, however, remains eager to get on the good side of church high functionaries. Last month, Mrs. Imelda Romualdez Marcos played "governess" to a Philippine delegation (See accompanying interview) of religious who attended consistory rites for new Filipino Cardinal Ricardo Vidal in Rome.

This, says Bishop Antonino Nepomuceno, was an example of a divisive tactic. The government has also been using religious sects and even religion itself "to serve their ends," notes the Bishop.

To pacify an outraged Church, Marcos has ordered a massive "dead or alive" manhunt for the principal suspects in the Favali murder. So have Defense Minister Juan Ponce Enrile, acting Armed Forces Chief Lt. Gen Fidel Ramos and other high-ranking military leaders. But of the killers, only one so far has been captured and people fear that just like before, when two other Maneros easily escaped from military custody, the captive could just as easily repeat the caper.--ANA MARIANO, PNF

#### Bishop Disputes Official's Report

Quezon City VERITAS in English 30 Jun 85 p 13

[Article by Carol Arguillas]

[Text]

**K**IDAPAWAN Bishop Orlando B. Quevedo in an open letter to Defense Deputy Minister Carlos Cajelo expressed his "extreme disappointment" over the latter's report which was carried in the *Bulletin Today* about a supposed "indignation rally" against the New People's Army (NPA) in Tuluhan, North Cotabato, site of the recent murder of Italian Priest Tulio Favalli.

The news report also said that the Catholics in the area were now turning to the Iglesia ni Kristo because they were "getting fed up with Catholic priests preaching revolution."

Quevedo urged the Deputy Defense Minister to check and double-check his reports. The rally, Quevedo said, was held on May 5, or over a month ago, and not "recently" as Cajelo's report stated.

As to the so-called indignation rally, Quevedo enumerated to Cajelo the following items:

- Reports of radiomen who covered the rally on May 5 placed the number of participants at 150 people (not 2,000 as reported by Cajelo) mostly relatives and close friends of the two CHDFs who had been killed. Among the speakers were a Pro-

testant Minister and the father of Edilberto and Norberto Manero, Jr. Some of the speakers uttered many innuendoes against priests and the Catholic Church. No priest "preaches revolution." When our priests begin talking about abuses, injustices and the social situation in the light of the Gospel, some CHDFs and some officials accuse them of being Communists and NPAs.

- A version, different from the official military report, is circulating in the Tuluhan area regarding the killing of the two CHDFs. This version reports that the NPAs liquidated the CHDFs for being principal suspects in the earlier "salvaging" of two farmers who are suspected members of the NPAs. Eyebrows were raised when posthumous awards were recommended for the CHDFs.

Quevedo's letter further stated: "We are disturbed by certain reports that we have received regarding the alleged participation of members of a particular religious sect in the "escape" of the Manero brothers. May I refer you to General Tapia on this item. It would be well for the Batasan Investigating Committee to look more deeply

into these reports because, if true, they have frightening implications.

You might want to find out how counter-productive the sparsely attended rally was and how the poblacion people who observed it felt. For this, I refer you to some of the government officials who were there. If the rally aimed at evoking the sympathies of people, it failed. It antagonized more. The speeches were taped. I believe you should listen to them."

Quevedo also added that in a radio interview, Cajelo said that a fearful Fr. Peter Geremia had

gone to the United States. At the time of Cajelo's interview, Fr. Peter was at his (Quevedo's) residence, the bishop pointed out.

"For the sake of your credibility as a high public official, . . . kindly double-check and counter-check reports before you have them aired or printed. It would be disastrous if you are to continue giving reports about which the people have a contrary experience. Such would not bring the government and the Church any closer," Quevedo concluded.

— CAROL ARGUILLAS/*Senior Correspondent*

#### Liberation Theology, Basic Christian Communities Viewed

Quezon City VERITAS in English 30 Jun 85 pp 14, 15

[Article by Sylvia Mayuga: "A New Way of Being Church"]

[Text] "The spirit of the Lord God is upon me,  
because the Lord has anointed me;  
He has sent me to bring glad tidings to the lowly,  
to heal the brokenhearted,  
to proclaim liberty to the captives  
and release the prisoners,  
to announce a year of favor from the Lord  
and a day of vindication by our God,  
to comfort all who mourn,  
To place on those who mourn in Zion  
a diadem instead of ashes  
To give them oil of gladness in place of mourning,  
a glorious mantle instead of a listless spirit,  
They will be called oaks of justice, planted by the  
Lord  
to show His glory." (Isaiah 61:1-3)

We are in an old convento somewhere in Surallah, South Cotabato and the young Fr. Bong Subaldo, a blue-jeaned diocesan priest, has just opened a well-thumbed Bible for me, pointing to this passage by "the greatest of the prophets."

Isaiah, says this Bible, appeared at a critical moment of Israel's history, soon after the second half of the 8th century BC when the northern kingdom had collapsed under the "hammerlike blows" of the Assyrians and Jerusalem itself "had drawn up its walls" against Sennacherib's conquering army.

"This," smiles the young priest amiably, "is the biblical basis for the theology of liberation."

It is not only beautiful poetry. It is also powerful prophecy, promising believers in the modern day that the death and imprisonment of a yet-to-be completely tallied number of priests, church leaders and layworkers who have proclaimed it all over our country--and the rest of Christendom--are sure of "vindication by our God."

These gallant souls, touched by Isaiah and a whole new vision of the Christian faith, have gladly offered life and freedom as "the Lord's anointed" before whom the MISA's instrumentalities and Minister Enrile's dire warnings on liberation theology become passing blows.

The secret is in the joy whose source is not only faith in the fulfillment of prophecy but also in the comfort of a new ecclesia--a new church for a new vision--outlined for the Catholic world by the Second Vatican Council under the inspiration of that laughing saint John XXIII.

This vision was articulated by radical young theologians before, during and immediately after Vatican II. In outline, it decrees that the church, Bride of Christ, could no longer remain the pyramidal structure it had crystallized into through the centuries -- with a jewel-encrusted, temporally powerful hierarchy monopolizing Christ's power and authority at the apex while the faithful remained at the base, a ritual-bound sheeplike mass.

In the bright dawn of Pope John's Council, the church would have to return to the spirit of that original "community of believers" as in the days of Galilee, Nazareth, Jerusalem, Capharnaum -- when sandalled men of humble origins were led and elevated by the Master himself into a share of his threefold functions in human history.

These functions are that of pastor or king who rules because he serves, of priest who is priest by being a link between visible and invisible, of prophet who is prophet because he proclaims the Good News of a Love that triumphs beyond time and death.

By Pope John's decree, these functions would now have to be

shared with the laity in a church structure no longer pyramidal but circular. The enlightenment of this new vision meant joy all over Christendom, a euphoria that descended with particularly strong force on Latin America where the majority of the world's Catholics live.

**BY** 1968, in Medellin, Colombia, a conference of Latin American bishops "enfleshed" the vision in a design that was to become not only a continent-wide but a Third World phenomenon: the *comunidades eclesiales de base*, basic Christian communities whose will and eagerness to spread "glad tidings to the lowly" and "proclaim liberty to the captives" would catch brilliant fire in "the oil of gladness."

This fire, equalizing bishop with the humblest barefoot layworker in "co-participation" and "co-responsibility" for bringing about the reign of Love, Justice and Peace in the here-and-now, unleashed the kind of people power that exploded -- and continues to explode -- in prodigies of faith and creativity.

Its prime recipients -- the "broken-hearted," the "listless" and those "who mourn" at the

wintery stalemate of global greed, violence and power-madness in the late 20th century — are uncannily like those denigrated Gentiles of the non-Jewish world in Christ's time as well as those slaves of Imperial Rome who asked to be baptized by the apostles at the risk of being fed to the lions.

Fr. Leonardo Boff, OFM, one of Latin America's theologians of liberation, has called this new phenomenon of transformation "a volcanic eruption of God" on the face of the Latin American continent. He might well have said "the face of human history" for its consequences.

The BCCs were designed to awaken and nourish Christian faith with or without a priest and so the first call was for regular Celebrations of the Word of God.

The theology of liberation is a major threat to the earthly empires of our time — prime among them the warlike United States government, its military-industrial complex and a whole network of conveniently obedient Third World dictatorships. One small proof of this comes in the July, 1983 issue of *Mother Jones*, an American magazine, where the writer Martin A. Lee establishes a thesis that the CIA, through an active spy network in the Vatican, has left traces of meddling in papal elections as well as influencing both the internal decision-making and the public stances of the anti-communist John Paul II vis a vis the theology of liberation.

Shocking? Perhaps. But hardly surprising.

There are 700 million Catholics in the world today. God erupting in history, wearing the face of bone-poor peasants and back-broken laborers, disenfranchised cultural minorities, slum dwellers,

child prostitutes and all the rest of those who suffer from the greed and power-madness of the world's ruling classes — this has uncomfortable implications indeed for the present world order.

Nearly 2,000 years ago, it was the slaves, the humble, the social outcasts who embraced Christ's message of love and salvation for all. In time, their church absorbed and recast the face of Imperial Rome.

What if we are today staring full face at a similar phenomenon and are too blind to recognize it?

### Spirit Fire Over Mindanao

**S**PIRIT fire, blown by silent winds from the Vatican through the open doors of a Latin American church that is our country's spiritual sibling, arrived in the Philippines in the late '60s.

It was Good News indeed, especially for a grassroots faithful perched from the rigidities of an old institutional church that stood deserted in fields of wilting, stunted and uprooted religious vocations that were no match for the exciting inventions of materialism. The falling away of vocations meant a lack of priests — and the priestly — to live the life of the Gospel among the teeming urban masses and the isolated countryside.

The spirit of Vatican II was more than welcome in neo-colonial Philippines where the church hierarchy found itself locked into socio-economic structures that exploited, like the larger secular world surrounding it, the majority's well-being for the wealth of a few. And, more eagerly than the older and more established dioceses of Luzon and the Visayas, it was the missionary church of Mindanao that opened its arms wide to receive this spirit.

Mindanao's is a young church, with a membership of second and third generation migrants from overcrowded Luzon and Visayas, mingled with converts from disenfranchised tribal minorities. These minorities could only welcome genuine concern for their integral welfare while migrant culture, being adaptable, open to new ideas, pioneering in spirit, made for fertile ground on which to try a "new way of being church."

The first Basic Christian Communities, BCC's, were organized by the Maryknoll fathers in the Prelature of Tagum, Davao del Norte in the late '60s. They called them *Gagmayng Kristohanang Katulugdan*, small Christian communities with anywhere from six to 30 families each, attached in bunches of two or three to one *kapilya* which did not have a resident parish priest.

Like Latin America, these BCC's were designed to awaken and nourish Christian faith with or without a priest and so the first call was for regular Celebrations of the Word of God, Kasaulogan sa Pulong, the KSP. With these KSP's came virtual rediscoveries of the Bible, of the church mission and its living traditions, of the sacraments--all basic foundations of a faith that had become formula, if not downright superstitions, under the old order.

Vatican II and its related papal encyclicals became new food and drink and soon, the GKK's would spread to the dioceses of Butuan, Kidapawan, Cotabato and later, to Bukidnon, Iligan, Cagayan de Oro, Ozamis and Basilan. Along the way, they would also be variously known as KRISKA--Kristohanong Katilingban and Kristohanong Kasilinginan.

In all these places, there arose the singular phenomenon of a reanimated laity, now liturgically at par with priests in the organization of community celebrations--traditional fiestas, novenas and rosaries alive with a new ethos.

Here, in these virtually new small cells of faith lay seeds that would sprout and flower through the coming years while the universal translation of little understood Latin liturgy became masses and prayers in the vernacular tongues. Altars would be rearranged for priest to face faithful in true communion; in farther flung kapilya-less sitios, would come that lovely Mass-in-the-round. Music would swell in these new cells, bursting into songs of place and time, accompanied by guitars, flutes, whole rondallas sending praise and heartcries to the heavens in life reborn.

So enthusiastic was the Mindanao-Sulu church that it made a call to the Catholic Bishops Conference of the Philippines to hold a nationwide Vatican II-inspired conference with the laity. The suggestion was not picked up and so, in 1971, a Mindanao-Sulu Pastoral Conference went at it alone with its priests, lay leaders and church workers.

By all accounts, it was a rousing "communion of churches" with what lay leader and "ginamos"\* theologian Bert Cacayan calls the "over-arching theme" of basic Christian community-building all over Mindanao and Sulu. It was here, for one thing, that the now proverbial "preferential option for the poor" was made policy and "the basic defense of human rights" clearly articulated as a "constitutive dimension of the Gospel."

Mindanao's promise created a built-in human drama accurately reflected by its church at this pastoral conference. "Most of its bishops, being relatively young, were unsaddled by too many set traditions," says Cacayan, "it was also free from pressures prevalent in older dioceses. (Even) a lack of personnel contributed to less rigidity in church structures, (making them) open to major experiments in the area of lay participation in church affairs."

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\* Ginamos (or Bagoong) Theology--a theology for the poor



No *yan* without the *yang*, however, such a church also faced unique and worrisome challenges, all of them lying in the politico-economic condition of Mindanao and Sulu. Most of these had to do with the growing problem of land, the politics of acquiring titles, the land-grabbing by powers-that-be -- and a growing Muslim-Christian conflict that had little to do with religion but very much to do with the political maneuverings of a martial law regime still under wraps in 1971.

The inspirational quality of the Mindanao-Sulu Pastoral Conference meant not only more BCC's but a merging with the Catholic Social Action Center in projects bringing the heavenly down to earth. Soon, the *Kristohanong Katilinghan* had also become the focus for housing, health and literacy programs, for handicrafts, piggery, poultry and agricultural production projects, for skills training, credit unions, consumers' and marketing cooperatives.

On the whole, these thrusts had limited success. A lack of planning and technical know-how, an insufficiency of funds and trained personnel as well as, it turned out later, the "palliative" nature of these projects obstructed their spread.

And then there was another element in the overall equation -- Malacanang's master plan for the country. Martial Law did not only mean heavier militarization in Mindanao, it meant the eruption of the MNLF war of liberation in the mid '70s, it meant the systematic expansion of transnational agribusiness and its consequent hamletting of thousands of families evicted from ancestral lands.

Long before we cried out about these historical facts on the parliament of the streets, priests and layworkers saw them descending on their parishes in gory detail. They were, therefore, the first to cry out loud at an escalating genocide of "small" people who either chose to defy or tried to defend their homes and their farms unfortunate enough to lie in the path of an island-wide government blueprint for "development."

The basic defense of human rights being "a constitutive dimension of the gospel," the BCC's soon cast about for methods other than new liturgy and Bible-sharing with which to strengthen their flock for a life-and-death struggle.

"In 1975," writes Cacayan, "came the tools for structural analysis and in 1976 came the principles of community organizing. Both were to influence the direction of both the social action apostolate and the BCC." With these tools, oppressive patterns and institutionalized exploitation of the weak surfaced crystal clear before the horrified eyes of the Mindanao church.

In the midst of wholesale displacement among fishermen in Cagayan de Oro, for instance, of farmers in Davao del Norte and Bukidnon, of the urban poor in Davao City and Gen. Santos, So. Cotabato, community organizing, CO, became a virtual lifeline, strengthening neighborhood networks into organs for education and resistance.

Out of their first frontline skirmishes with the agents of martial law would come the tag "subversive" for the BCC now "married" to CO. Organizing displaced fishermen in Cagayan de Oro to realize and resist their virtual eviction from the seashore of Macajalar Bay to make way for a Kawasaki Sintering Plant in the mid '70s, BCC-CO would receive its first red smear.

**T**HE PATTERN would be repeated with 70 arrests in Davao Oriental in 1976, with 18 missing church workers, one of them pregnant, in So. Cotabato, with 15 church-related deaths in Kidapawan, No. Cotabato -- the list is long and island-wide, yet to be completely tallied by church agencies hard put for priorities and clear records when the urgency is feeding, clothing, sheltering, seeking legal counsel, visiting the prisoners, organizing funerals, protest masses and rallies.

"Around a thousand since the beginning of the BCC's," says BCC-CO's Vin Santos of Minda-

nao's church-related deaths, shoving into my hands a new sheaf of three letters from parishes requesting for financial aid in the care and feeding of new hamletting victims.

Eventually, clearer numbers should surface. For now, a clear pattern of church persecution is emerging, the latest being the deaths of Fr. Tullio Favali, Fr. Alberto Romero, the Protestant pastors Rev. Sumanil and Fr. Billings, among others, added to the continued detention of Frs. Jun Evasco, and Orlando Tizon.

The persecution is not limited to martyrdom and imprisonment. Never has the NISA network been more active in Mindanao, churning out little mineographed sheets with "exposes" on the "sexual misbehavior" of well-known BCC-CO priests, dire warnings of reprisal against priests "who receive the NPA into their conventos," amateurish editorials on the "Pope's condemnation" of liberation theology. Added to these, priests and nuns active on the Mindanao human rights front are routinely implicated by "witnesses" to the supposed networking between the church and the Communist Party of the Philippines.

Messy? Definitely. The price for a new order, a total transformation is always as high as its vision is powerful with joy and death-defying courage.

— A search for the total number of BCC's in Mindanao today meets with the same difficulties as the request for statistics on the total number of murdered and imprisoned church personnel involved with the BCC-CO. Distances, a strained communications network, perennial lack of personnel prevent exactitude in numbers from Mindanao.

The number often quoted in Manila is 1,300 BCC's (in varying compositions of from six to as many as 40 families each) out of a total 2,000 BCC's nationwide. However, Bishop Escaler of the Ipil prelature has been quoted as saying that while he was bishop there were 3,000 BCC's set up in the diocese of Kidapawan alone from the mid '70s onwards.



The dioceses of Kidapawan, Cotabato, Butuan, Cagayan de Oro, and Iligan are considered the most active with "liberational" BCC's, as distinguished from other Katilingbans and Kasilinganans more "liturgical" or "developmental."

In these distinctions lie differences in depth and thoroughness of social analysis from diocese to diocese, bishop to bishop as well as in differences in the completeness of identification with the least of Christ's brethren and the explosive vision of Medellin.

These tensions, added to military repression and black propaganda, added to the worsening peace and order situation in Mindanao seem sufficient to weed the fainthearted out of further involvement or even association with the BCC. In Agusan, for instance, the intimidated are afraid to even receive their Bishop Morelos into their homes. In Davao, BCC-CO projects are at a virtual standstill from the conservatism of Archbishop Mabutas.

On the other hand, there are those, proud of being called "fools for the Lord," who see in this climate precisely the path of following the Master. From their ranks, early in the BCC history, have come the most creative ideas for the protest actions called "paraliturgy"--baptisms at the picketline, placards replacing candles in processions, a whole new way of organizing parishioners for Holy Week's stations of the cross. We who have felt the tremors of his protest liturgy only recently can now trace its roots to the passion of the persecuted Mindanao church.

While the knives are out, the armalites cocked, tanks accompany funerals, shoot-to-kill orders are issued for priest upon priest, the blood of martyrs flows. It is part of Christian tradition, persecution for following the Lord's difficult path. But that is only half the mystery of the Good News.

Never have I heard as much laughter as I heard while traveling with the frontliners of the Mindanao church. Resurrection and immortality are as real to them as the PDA and the Garand.

"I have an idea," laughed Teddy one evening in the TFD quarters. "When that witness who called Sister Reggie and Fr. Nonoy communists is questioned in the courtroom, sana the lawyer will ask, before any other questions 'Do you believe in God?' If he says 'yes,' the lawyer should then ask him, 'O, do you know this Sister? This Father? This other Father?' And then, when he says 'yes,' the lawyer should ask again, 'Do you believe in God?'"

Peals of laughter rock the dining room but Teddy is not finished. "O, sigue, Kay when you call man the military to ask for a copy of that false affidavit calling you a communist, sister, do not say 'hello?' Say first, 'Do you believe in God?' After he says 'yes' and gives you information, ask again, 'Do you believe in God?'"

"Siguro no, it will drive them crazy, ano?"

## Clergy Fears Latin American Plan Used

Quezon City VERITAS in English 30 Jun 85 pp 16, 17

[Article by Carolyn O. Arguillas: "The Banzer Plan at Work"]

[Text]

**W**HETHER knowingly or unwittingly, Sister, you may be used by Communists within your ranks," said a military officer to a nun during a demonstration. "You may just be blinded by your own resentment."

"If God is with us," replied the nun, "and God is the light, how can we be blinded?"

This seemingly innocuous exchange between soldier and religious underlines what actually is festering beneath the veneer of civility in Mindanao, a volatile land wracked by warfare. It is in Mindanao where relations between Church and military are most strained, and understandably so.

Statistics show that with each passing day more members of various religious orders are either killed, arrested or harassed (See lead story), in many instances by men in uniform.

Raids and arrests have become a common feature of daily life in this land. And so are tortures.

The tales of terror continue to grow.

Fr. Jim Evasco was attending a wedding at the residence of Protestant Pastor Ong-oy in Libungan, South Cotabato, on August 17, 1983 when the place was raided by Region X intelligence men and the North Cotabato PC Command. Eighteen persons were arrested, including two children, two Protestant pastors, seven women and seven men including Fr. Evasco. Of the 18, four were reported "salvaged" on the way to Davao City but the papers reported they died in an encounter.

All the rest were released after interrogation, except Fr. Evasco. He was brought to Camp Catitipan in Davao City where he was reported to have been heavily tortured, stripped naked, and subjected to the "water cure" treatment, using toilet bowl water. He was

suspected as a top-ranking official of the CPP/NPA. Charged with subversion, he was brought to court 10 months after his arrest. The prosecution had just presented their witnesses and evidences. The accused himself will be presented as witness on July 29. One of his lawyers, Laurente C. Ilagan, was himself arrested recently, for allegedly being the "leader of the Welgang Bayan."

Another priest, Fr. Orlando Tizon, according to counsel Silvestre Bello III, is "a very clear example of the truism that justice delayed is justice denied." Fr. Tizon was arrested on Sept. 20, 1982 at 10:00 p.m. in Skyline Subdivision, Davao City, by a team composed of R-2 members headed by then Major, now Lt. Col. Nelson Estares. Activist Edgar Jopson was shot to death in this raid. Charged with conspiracy to commit rebellion and illegal possession of explosives and ammunitions, they were arraigned before Judge Milagros Nartatez in early November 1982.

Representatives of the Defense Ministry offered Fr. Tizon amnesty on the condition that he would cooperate with the government. Fr. Tizon turned down the offer. With the re-organization of the courts in February 1983, the case was raffled off to another sala. Since their arraignment until the present, Fr. Tizon and his companions have had four judges, and the transcript of records has yet to be completed. The last hearing on their case was December 1983. To date, there is yet no schedule for continuance of the trial.

A month ago, in the rebellion charges filed against the three Davao human rights lawyers, an affidavit submitted to the court implicated Mindanao-based Fr. Manny Carvajal, Fr. Faustino Cabazares, Fr. Dong Galenzoga, Fr. Primo Hagad, Fr. Benhur Montecastro, Sister Esper Clapano, Sister Regina Pil, and Sister Jo Medrano as members of the Communist Party of the Philippines.

Is a new crackdown in the offing?

"I was puzzled," Sister Regina Pil, Task Force Detainees Mindanao coordinator told VERITAS, "because the affidavit executed was supposed to be against the three lawyers. Our inclusion seemed to be out of context. The falsehood comes out--imagine even including a dead sister? (Sister Medrano died in that Cassandra disaster in Surigao in 1983). I see this as a form of harassment as if to warn us that this time we are picking on the lawyers, you better watch out religious, because you'll be the next."

Bishop Ramon Villena of Tagum, Davao del Norte, demanded a direct answer from Defense Minister Juan Ponce Enrile during the latter's visit in Davao City: "Mr. Minister," he said, "I want a direct answer to this question. Is there a systematic plan on the part of the government to persecute the Church?"

"Of course not, Father," Enrile quickly replied. "It would be a dangerous act on the part of the government to persecute the Church. But if a religious, say a priest, violates the law and commits a crime, then he will have to answer for it."

"You are of course proceeding on the assumption that we have just laws of the land. Tell me, Mr. Minister, what is the demarcation line between opposition and subversion?" Enrile answered: "An oppositionist is not considered a subversive unless we are reasonably and morally satisfied that he is violating the laws of the land."

Despite, however, Enrile's answer that the government is not persecuting the Church, harassment against church people continue. "You must remember," said a priest to *Veritas* "that Enrile had been mouthing those lines since a few years back. Yet why are we being killed, arrested, tortured, kidnapped?"

"I'm afraid it's the Banzer Plan that's being implemented here," said another priest to *Veritas*. The Banzer Plan, said to be named after former Bolivian president Hugo Banzer, has been used like a Bible in some Latin American countries. The Plan's instructions are:

- Do not attack the Church as an Institution and never the Bishop as a Group, but only attack in one section or part where the Church is more advanced and progressive;

- Above all, attack the foreign clergy. Show consistently that they are preaching armed warfare. That they are connected with international communism and have been sent for the exclusive goal of moving the Church towards Communism;

- Control certain religious orders;

- Collaborate with C.I.A.;

- Open a special file on all priests and religious and also on certain Bishops and religious orders;

- Control certain religious houses in order to keep certain priests under observation and to follow-up on them. Equally you must control the Bishop;

- At the beginning, do not bother religious houses because this would cause unfavorable publicity. Of the priests on the list, arrest them in the country or on the street, preferably in places where there aren't many people present.

- To the hierarchy, present the facts after they are realized deeds. Those arrested and without any publicity should not be transferred to the ministry. Only communicate with the Bishops when the deportation is realized;

- The arrests should take place in the country, in the silent streets or in the late hours of the night. Once the arrest is made, try to insert among their papers or in their room subversive propaganda and some type of arm (preferably a large-size pistol);

- By means of social communication media (specially daily newspapers) petitions should be published to discredit those priests and religious who follow advanced lines in the church.

- Maintain friendly relations with some Bishops and members of the Church, some native priests, in such a way that public opinion does not believe that there is a systematic persecution of the Church, but that just a few of its members are being touched. Insist on an authentic, national Church."

PHILIPPINES

MAGAZINE DESCRIBES CAMPLIFE WITH NPA BASIC SCHOOL

Makati MR. & MS. in English 28 Jun-4 Jul 85 pp 17, 18

[Article by Romi M. Gatuslao: "Inside an NPA Basic Course"]

[Text]

**L**OOKING into the forested valley from a high point one would not suspect that underneath is a beehive of activity. An occasional waft of smoke penetrates the dense canopy of trees to indicate that someone is preparing a meal. But the tropical rain falls morning, noon and evening and the smoke that mixes with the fog can hardly be distinguished by the seeing eye. Even the way that leads to the "tactical camp" is unmarked by pathways and what one has to do is simply go upstream amid the thick vegetation.

Inside, the Communist Party of the Philippines-New People's Army Regional Instructors' Bureau (RIB) is conducting a five-day Basic Party Course for prospective CPP members, some of whom live just outside the forest. The students are relatively young with ages ranging from 17 to 25. Despite the muddy and slippery surroundings caused by the frequent rain, the guerrilla stay is made as pleasant and secure as possible—of course under the pressing circumstances of guerrilla warfare. What was once before the sole activity of an armed unit is now a collusion of political cadres, front officers, medical team and the

guerillas, each assigned with a specific task.

Although most of the regulars of the oversized-squad District Guerilla Unit (DGU), tasked to provide security (and some of whom are students themselves), prefer to stay under their standard-issue rain curtains and on their sack hammocks, there are plastic-covered tents reserved for the students, the married and the female comrades. The lecture "hall" which doubles as the sleeping quarters at night, and the kitchen which is also the mess "hall" are covered with the same rain-proof plastic, a roll of which costs ₱3,000.

Among other things given to individual guerillas, the most important ones are the flashlight, backpack and sneakers. Without a flashlight, it would be very difficult to move or hop from tent to tent in darkness. Its value is comparable to King Richard's need for a horse when he fell off in battle. Their backpacks are the same colorful brands sold to campers and travellers in today's department stores.

Reputedly the NPA's choice, the four-stripe Asahi sneakers are made of light rubber and dries easily even

in the scant sunlight of the forest, and are thus favored. Yet there are some who still prefer Adidas because of the "elegance" it projects when they operate in the urban centers.

Where before, it was a must to strip uniforms off armoured victims, the policy has been lately changed. Aside from seeing it as "a degradation of the dead enemy", the DGU commander says it is not necessary anymore since they have the capacity to sew their own fatigue uniforms (no matter how crude), bandoleers and even backpacks.

The support medical team lays out the ground rules for basic hygiene and sees to it that there is a common latrine for everybody. Though their main fare is still acupuncture needles and herbs, the medics are increasingly getting sophisticated with such drugs as Valium 10 ampules—designed to relieve the shock of the wounded—and the anaesthetic Xylocaine. Minor surgery is done inside mosquito nets. Most medics are teenaged girls and boys but are nevertheless, armed with revolvers and grenades. Laments one member: "In other wars they don't hurt medics, but here it's different and we have to protect ourselves."

Perhaps, the biggest difference extended to all the participants in the political education course is in the food. During these times, the rebels include in the budget such "luxuries" as in-between meals or late-night snacks. Sacks of flour stand by for use in making mackerel and onion-filled *siopao*. Coffee or ginger brew can also be part of the breakfast or the *merienda*. The regular viand of vegetables is further enhanced with mackerel or dried fish and tinged with a heavy flavor of monosodium glutamate. Still as a pastime, most guerillas take time to catch frogs in the evening for a "beefy" and crunchy meal. The snacks and the enhancements, except for the *velutin*, are notably

absent in a regular fighting unit's menu.

After five days, the camp is dismantled and the materials kept for any future need. They say it will be some time yet before they will go back to the same territory.

PHILIPPINES

OPPOSITION ORGAN REPORTS ON NPA TAXATION EFFORTS

Makati MR. & MS. in English 28 Jun-4 Jul 85 pp 19-21

[Article by Romi Gatuslao: "NPA Tax Scheme: According to Ability to Pay or Else..."]

[Text]

**I**N the "people's war" which the New People's Army (NPA) wages against the government, the guerillas, aside from strengthening its military power and political base, have come up with an elaborate and sophisticated taxation scheme.

A case in point is the taxation activity of NPAs in a certain area in Mindanao:

In terms of natural resources that these two main provinces hold, they compose one of the richest resource-rich regions of Mindanao, but in the past several years, collecting revenues from corporate establishments which exploit and control these resources has not been the monopoly of government. The communist-led New People's Army is giving them a hand and, according to the rebels' regional leaders, almost all of the logging, mining and plantation companies including large merchandising stores and gold tunnel owners have adopted a modus vivendi of regularly paying them taxes in exchange for uninterrupted business operations. This revenue-collecting machinery is, from the looks of it, not merely confined to barrio communities or selected business-

men. Though the finance committee would not give the names of the paying companies and businessmen nor their exact number, collectors have reported that they have a revenue of ₱75 (000) a year from an individual company is considered by them as "ordinary".

In charging revenues from gold tunnel owners, the rebels adopt a formula which corresponds to the weight of gold per one-fourth sack of mud extracted from a tunnel which has struck in any of the region's proven but free gold reserves. In companies and businesses, the rebels use a simple guide of "the greater the capital, the bigger the profits". They size up the financial strength of a certain company and determine how much it would pay. They say that there can be no way for the management to circumvent this rule by presenting a variety of alibis, among them, poor sales. Through sympathetic workers, the dissidents effectively check and know the extent of production.

Sometimes, the reason for taxing could be partly ideological. Declared Ka Jerson: "We tax buy-and-sell businesses because they are the direct manifestation of the relationship between the farmers and the



*comprador big bourgeoisie.*" At all times, the purpose may seem not merely directed to fill the coffers of the dissident movement: As part of the strategy they term as "counter-resource control", the rebels convince companies to understate financial reports thereby hurting the collection efforts of the government.

Added Ka Jerson: "Not only do we tax them because they belong to the ruling class but because they operate in our territory." Supporting his statement are the NPA's regional guerilla forces, now divided mainly into the Hingpit Yunit Gerilya (HYG) or the Full-fledged Guerilla Units, composed of the Main Regional Guerilla Unit (MRGU) and the Secondary Regional Guerilla Units (SRGU), which operate in each of the region's four fronts; the Local Guerilla Units, which is the equivalent of the Frontier District Guerilla Units (FDGU), armed proletarian (AP), armed city proletarian (ACP), and sympathizer (AS) units.

But the NPA taxation scheme grew primarily out of need. In 1981, the economic capabilities of its peasant supporters were no longer enough to sustain growing and merging guerilla units. The increase in their fighting forces has ushered in the development of an elaborate and sophisticated revenue-collecting machinery, as the finance committee needs around ₱9,000 per month to feed a 40-man fighting unit on a basically vegetable and rice diet. Regular standard issues like rain curtains, sack-made hammocks, flashlights and light sneakers which are needed to improve the NPA's adaptability to the unconventional battlefield, also need a lot of finances. As attacks against the Armed Forces of the Philippines (AFP) increase, so does the need for more medicines and munitions mostly bought from government troopers themselves. Benefits like burial expenses for a slain

comrade is given, while a ₱150 monthly stipend is budgetted for each minor child of a fighter whose family is incapable of supporting the offspring. Regular fighters are also allocated ₱15 a month which they usually use in buying soap and toothpaste. Cigarettes, mostly second-class, and tobacco are also part of a unit's supply.

In its revenue collections, the NPAs would normally begin by sending feelers to the management through workers who act as intermediaries. If the company is willing to talk things over, a representative must rendezvous with them in a place and date of the rebels' choosing. From then on, if the affair runs smoothly, payments will be arranged in this manner.

So far, the finance committee revealed, they have not had a double-cross. The rebels claim they also have different ways of treating prospective "taxpayers". They say they give special treatment to the "small" and "medium" firms. In revolutionary jargon, it refers to medium-scale producers who rely on both local raw material and market. It is contended that although it is an affluent class, the "national bourgeoisie's interests" directly coincide with those of the "*comprador big bourgeoisie*" and "imperialist-owned firms" because both, with their deeper financial resources and wider world market, tend to monopolize lines of businesses. The "special treatment" particularly to the sympathetic means allowing annual payments in, say, three installments.

As a matter of policy, the insurgent leaders added, they would not carry out sabotage actions against this social division as much as possible, except when the latter turns out to be "reactionaries". Outrightly snubbing the rebels' overtures or fortifying a company with additional security guards or military men could be an instant magnet for attacks. When it comes to cases involving enterprises owned

by export-oriented Big Business or run by foreign capital, the NPA is blunt: The demand comes only once. If the concerned chooses to entirely ignore it, then that is it.

And there is a high price to pay for countering the "shadow government" which is synonymous with the force indicative of the growing rebellion in the countryside. "This is a people's war," snapped another finance committee member, "and all classes have to be involved." But the involvement can never be only that of assimilation but also rejection. In one case, a company beefed up its property with companies of government troops and security guards. It found out later that the show of force was futile when rebels chose to hit targets far-off the defense perimeter. The security forces failed to stop seven sabotage actions that wracked an estimated ₱31-million damage. Moreover, the cost of repairing just one damage would be astronomically high and would considerably open up more risks.

When the rebels burned an electric tower of a mining company, the military had to rehabilitate an old logging road that led to the site, brought in a tank and secured the place for several weeks. The military's 10th Infantry Division Committee boasted that last year, they launched 17 sabotage actions by burning machinery, disrupting power sources and confiscating or destroying products, and they were virtually unstoppable. Added to that, the attacks, they said, on "reactionaries" have contributed largely to the softening attitude of "imperialist-owned" firms.

On the other hand, in the rebels' "counter-resource control" program, action may not relate everything to financial reports. It can also involve violence. In justifying direct violent action against a target

government entity or any other business establishment, the rebels contend that "all properties of the reactionary government (or its partners) are in essence the people's property and therefore should be confiscated". That is why what is "hold-up" or robbery, to the layman is "confiscation" to them.

Just recently, armed partisans and regular guerillas assaulted a government office and took with them close to ₱200,000. Similarly, they also pounced on a belligerent soft-drink company and carted away more than one hundred thousand pesos.

For all their ways of generating finances, still the rebels claim that the strict guiding line is ideology which is "always paramount over monetary considerations". By paying rebel taxes, companies may not suffer from labor unrest and hence enjoy smoother operations. But this does not mean that the relationship extends to a situation wherein the management uses it as leverage to neglect workers' rights or to stifle trade union activity.

"I would not dare do so," declared Ka Jerson flatly. "And if they did," he warned, "the workers' interests, whether right or wrong in the context of the regime's labor laws, should be above anything else." He does not admit that their weekly revenue derived from a lucky tunnel owner (as distinct from gold panners who are reportedly not taxed), which can sometimes hit ₱30,000, is repressive. Explained Ka Rara, who is in-charge of the gold areas: "That is just like asking a day's earnings in a week of unlimited abundance."

How are tax relations between

## BY PAYING REBEL TAXES, A COMPANY IS ASSURED OF SMOOTHER OPERATIONS BUT THIS DOES NOT MEAN THAT IT CAN USE THIS AS LEVERAGE TO STIFLE TRADE UNION ACTIVITY.

the NPA and the masses which is basically the insurgency's source of strength? "The key is political awareness," stressed Ka Jerson as he explained that the "higher" the people see "the justness of the revolution, so does the level of support that eventually they will even volunteer their lives." The progress of support, he charged, is being "misinterpreted by the government" as something that is achieved "through force". Even then, according to him, collections from sympathizers are minimal. "A farmer gives only 50 centavos a month but if he offers to the movement the life of his own son and this makes the great difference between the farmer's 50 centavos and the one peso given by a rich man," Ka Jerson explained.

On the other hand, the clandestine finance committee collectively formulates policies or actions against each firm operating in the region. Composed mostly of rebels in their late 20s or early 30s, their experiences may range from participation in student activism, ambushes, Sparrow operations and full-scale raids. Being in the committee does not exempt one from military operations as they can be called anytime to integrate with fighting or liquidation units. To implement the finance committee's decisions is a heavily-armed squad of 14 to 20 guerillas. Although the main task of this group is collection, they also perform, on a secondary level, military or organizational work.

Because of the role of Ka Jerson and also Ka Rara in making the NPA taxation machinery efficient,

they reportedly gained enough notoriety to land in the military's most wanted list. A companion of Ka Jerson related that the latter's civilian wife is hunted by the military so her arrest would flush out the rebel tax collector. Rara, on the other hand, suffered a tragedy last year when the military, thinking that he was inside, strafed a house killing seven of the rebel's family members — the elders of whom were said to be "politically conscious but not active".

Meantime, the finances that the NPA continues to collect, aside from buying the basic military needs, promotes what the rebels call as the "dialectical relationship" they have cultivated with their supporters over the years. "Now," says Ka Rudy, one of the two surviving members of the 14-man group who sowed the seeds of discontent in the region in 1973, "not only do we mediate for just wages, fix prices of prime commodities, eliminate abusive characters, resolve conflicts, but we also provide medical programs to our sympathizers. Eventually we will have income-generating projects to enable them to earn while working for the revolution."

And that is how it goes. This is an unconventional war — a war not merely confined to bullets, hearts and minds but definitely goes deep into the pockets.

PHILIPPINES

BUSINESS LEADERS EXPLORE GROWING NPA IMPACT

Makati MR. & MS. in English 28 Jun-4 Jul 85 pp 22-25

[Article by Jeremy Santos: "Harvard Meet Exposes Growing Insurgency in Business"]

[Text]

**T**HE Harvard Business School Association of the Philippines, a genteel collegiate body composed of the country's big time industrialists and financial leaders, has come down from its ivory pedestal to confront the business community's most pressing problem: the growing insurgency encroachment in business concerns all over the archipelago.

The ivy leaguers fearing that insurgents would spill over on their respective turfs invited four speakers who represented various sectoral leaders to enlighten them on the latest development. The speakers were Benguet Corporation President Jaime Ongpin, sugar bloc leader Fred Pfeider, Far Eastern Economic Review bureau chief Guy Sacerdoti and Defense Minister and businessman Juan Ponce-Enrile.

The four speakers agreed that there was a serious insurgency problem as far as business was concerned. Ongpin, Pfeider and Sacerdoti agreed that the insurgency problem has grown to the stage that government has become incapable of protecting the businessmen's interests. Enrile, on the other hand, stressed that in his point of view the government was working hand

in hand with the business community to continually protect the financial situation.

Ongpin, Pfeider and Sacerdoti pointed out that unless the insurgency problem could be arrested, foreign and local business establishments will only invest in certain areas in the country where the peace and order problem is under control. Enrile said that the insurgency problem was no joking matter. In a serious, somber tone, Enrile emphasized that insurgents were real and consolidating their hold.

Ongpin, the first speaker, dealt extensively with the New People's Army demand letter for Benguet to pay its long overdue unpaid "revolutionary taxes". The insurgent demand letter said unless Benguet Corp. pay these taxes it had no right to operate in any locality.

He said in April of 1982 one of its logging stations in Ifugao Province received its first demand letter to pay the NPA a revolutionary tax of P25,000 per month. The company politely declined to pay the tax and tried to make an amicable settlement. The mining company told the NPA that the military would not be pleased if it found

out that the firm paid taxes. Company officials said that the firm did not want to be caught in a cross fire between the two sides.

A settlement was reached that the company withdraw from the area without paying the revolutionary tax. A few months later, the company restarted operations but the NPA retaliated on Dec. 6, 1983 with an assault of the site.

NPAs armed with armalites, AK 47s, grenades and .45 caliber pistols went to logging areas at Saling-singan, Gusada, Ta-aw and Sangen in Tinloc and burned eight Caterpillar engines, one Yanmar generator, six pieces of injection pumps, eight magnetos, nine telephone sets, seven single-blade axes, six adjustable wrenches and two two-man saws.

He said the NPA felt insulted when the company did not even answer their demand letter last April, 1982 to pay the revolutionary tax. The NPA claimed that it was the company that requested for military operations in Ahin in May, 1982. The NPAs blamed the company for the death of its two red fighters.

The replacement cost of the burned items was estimated at P2,591 million. Estimated loss of revenue was at P107,000.

Brig. Gen. Victorino Azada, RECOM 1 commander informed Ongpin that the NPA also attacked CRC-Cellophil. The NPAs burned several Cellophil yarders and logging trucks including two new Peterbilt exploration equipment.

The second encounter occurred 13 months later in early June this year also in a logging area up north in Nueva Vizcaya. NPA burned eight logging engines, two generators, three chain saws plus assorted tools and accessories with an estimated cost of P4.6 million.

The NPA made another demand to collect their revolutionary taxes. Bobok Timber Project carried a

current tax of P1.5 million plus back arrears of P500,000. The

Herald Lumber Company carried current tax of P1.5 million plus back arrears of P500,000. Thus the company owed the NPA P4 million in revolutionary taxes. The NPAs said failure to follow the scheduled payment will be considered as ill-meant tactic on the company's part.

The NPA also requested a package of items such as six ICOM ZA amateur band receivers, one Pica and one elite Brother typewriters, five Casio Calculators, five National radio cassette recorders, three National radio micro-cassette recorders, three Sony band receivers, 10 Seiko or Casio digital watches, one multi-tester, three battery operated soldering pens, one multi-tester radio, two Sony band receiver radios, one carton assorted food stuffs including Target Corned Beef, Luncheon meat, milk and five cavans of rice.

Ongpin said down south 70 NPA guerrillas occupied the mine exploration camp in Lianga, Surigao del Sur from Aug. 18 to 21 last year. They demanded payment for revolutionary taxes or else they would burn P21 million worth of exploration equipment.

He said that the NPAs were obviously in fairly close communication with their comrades in the north. The reason for their coming from Surigao was that the company failed to pay its revolutionary taxes.

Although the company did not have similar problems in any of the major centers of operation, reports indicated that the NPA occasionally move in the vicinity of these centers. He emphasized that military commanders told company officials not to invest in remote areas.



The most applauded speaker, Fred Pfeider said that in Negros Occidental the sugar industry is moribund. The sugar planters who might otherwise have provided the motive force for an economic rebirth of the province in some other alternative enterprises do not have the savings to dig into new ventures. They cannot secure credit even if available since they have ran out of mortgageable property.

The human rights activist said the inexorable slide of the sugar planters into bankruptcy started on the day the sugar industry was brought completely under the thumb of government. As the fortunes of planters progressively declined, as a consequence of government intervention, the sugar workers and their families sank into destitution. The disaffection with government and the increasing resentment, frustration and hostility felt by the planters and workers alike needed only the slightest push to be converted into active support for the insurgents.

He said this is perhaps why in the Western Visayas region the focus of insurgency and anti-insurgency activity is the province of Negros Occidental. He said perhaps too this validates the belief that revolutions are fueled by a widespread sense of deprivation of justice, most specially so when this acute feeling is made worse by the extreme economic privations.

Negros Occidental, he said cannot claim to be the only province in the throes of an economic

Like the first few days of a man adrift at sea, he said, the economy of Negros is still subsisting on the little that remains of the stored provisions. When the provisions are all gone, the really painful struggle for survival ensues, he emphasized.

Pfeider said the NPAs claimed that they cut the electrical transmission wires on several occasions that supplied the power requirements of the Sipapaly mine. The insurgents got away with these acts since the people derived no benefits from the operation of the mine. It was revealed that only foreigners profited from the operation. The mine shut down because of the NPAs attacks.

A year later, a Japanese company announced plans to resurrect the mine. He said it will be interesting to see if the NPAs have changed their stand on the operation of the mine.

The military, he revealed, for the purpose of keeping abreast with the insurgency problem divided the province into five geographical areas. These are the southernmost area called the CHICKS; Central Negros; Metropolitan Negros; North Negros and Northeastern Negros or SECTS area.

CHICKS is the acronym popularized by the military for the name of six towns which comprise the territory while SECTS is an acronym for four towns and one city.

The CHICKS area is widely believed to have reached the insurgency stage known as the "strategic stalemate". There is little fighting going on in this district. He said this brings to mind the picture of two tough guys who live in the same neighborhood, who both know that they can inflict considerable damage on each other and thus avoid confrontation.



The town of Isabela is located in the Metro Bacolod area, he said. The sugar bloc leader said the NPAs which used three sand-bagged sugarcane cargo trucks, captured the town hall of Isabela and the army rangers headquarters.

The Metro Bacolod area saw some fighting, he said. Several months ago two officials of the town of Murcia were assassinated. The armory of the Visayan Maritime Academy was divested of 400 rifles and thousands of rounds of ammunition. He said at night NPA bands roam the sugar farms.

North Negros, Pfeleider said, where some of the most productive farm lands are found, has the least insurgency. But the NPA has built up a mass base. Political indoctrination in the farms is a regular feature.

The SECTS has little rebel activity with only few firefights. But independent armed bands a la Robin Hood roam all over the area. Other bands are military lost commands. The fighting has centered between these two groups. The NPAs which the local inhabitants call "orig" are busy with political indoctrination.

The human rights lawyer described the insurgency problem as "very advanced". The rebels, he pointed out, have succeeded to win the hearts and minds of the people. This condition, he said, is the *sine qua non* for a successful conduct of guerilla warfare. In contrast the civil government has defaulted on its responsibilities and lost its reason for being. The military, he found out, has stepped into the authority role vacated by the civilian government. This condition, he added, worsened the situation further.

Negrenses who have encounters with the insurgency, Pfeleider said, have a common observation that the NPAs are courteous,

straight-forward, non-threatening, just and disciplined. On the other hand, the same Negrenses see the military, the police and the CHDI as threatening, corrupt, unjust,

misleading, harsh and unkind.

Government laments that in later conversations with him, he said. Government authorities said the sins of the few should not condemn all. The trouble is, he said, that daily news as well as documented reports belie the claim that only a "few" are responsible. He said the NPAs do not get accused by the people of the commission of atrocities. The NPAs admit their fault and explain the circumstances for the people to judge them when trouble occurs. The military on the other hand do not admit its wrongdoing. Legal action brought against military personnel for crimes committed hardly ever amount to anything. In fact, he explained, these legal actions are almost invariably unhealthy for prosecution witnesses.

Pfeleider said what we have in Negros is a situation where two competing outfits are trying to sell ideologies (products) to a market that both profess to serve. Whereas one outfit pays only lip service to its avowed policy of being customer-oriented, the competing outfit religiously puts the customers' interests above other considerations. He said it is a small wonder that one outfit's market share keeps growing while the other keeps shrinking.

The insurgency situation in Negros Occidental is grave, not from the point of view of the insurgents' fighting capability or numbers but from the point of view of the near-total alienation of the "masa" from the government.

He emphasized that Mr. Marcos himself, who claims to be the most decorated Filipino freedom fighter of the war has not learned his lesson regarding the profound

yearning of the human heart for freedom. He said, 13 years ago he took away freedom and used the alleged escalation of insurgency as the reason for martial law. Then, he pointed out, after more than a decade of authoritarian rule the very insurgency which he sought to arrest has grown stronger.

The human rights leader said the

in the repression and oppression which has characterized the existing totalitarian regime. He said this leads one to the inescapable conclusion that the present dictatorship provides the strongest arguments for the rapid growth of insurgency. He lamented that if the much dreaded civil war occurs, we have this one man rule to thank.

Pfleider said that there were more palatable alternatives which exist between the totalitarian extremes of fascism practiced by this regime and the dictatorship of the proletariat proposed by the insurgents. The alternative will prevent their being overwhelmed by one or the other.

Sacerdoti came next to expose the brazen misaction of the military that he observed has led to the upsurge of insurgency. A classic case of military abuses, he said, was the wanton massacre of poultry on the road by men in uniform while traversing remote and far-flung areas. It was revealed that uniformed drivers to show off their driving skills would premeditatedly run over the people's poultry and cart away his goods during routine missions. To ensure that the people would not fight back, their companions would train their armalites on the helpless populace.

The news magazine bureau chief who was to return to the United States disclosed that a well-known highly-decorated NPA commander who has fought the military for more than six years told Sacerdoti

that he joined the insurgents because of military abuse. He related that at the age of 16 he fostered dreams of serving in the military. But this dream was shattered one night when the military raided his village. His family was subjected to "interrogation" after they were suspected to have aided the rebels. The NPA top commander said to avenge his family's cruel treatment he joined the insurgents to curb military abuse.

Sacerdoti stressed that government officials and the military have lost their credibility with the people in most remote and far-flung areas. He said that unless the military pamper inhabitants with material goods these people would not speak to them. The NPA on the other hand are welcomed by the people.

The bureau chief was totally against the involvement of the U.S. to quell the country's insurgency problem. He said government control of media has set back to some extent the NPA from giving their side although he admitted the local press was freer than other military-backed governments.

The last speaker was Enrile who dared businessmen to invest in remote and far-flung areas to stop the growth of insurgency. He said money should be rechanneled to areas where it could be used to set up lost cost industries.

He acknowledged that there were a number of undisciplined persons in the military who have not helped the business sector. But he said there were remedial steps undertaken to remove such individuals.

The defense minister said that he would give military assistance to all businessmen who would put up shop in remote and far-

Enrile is claiming that the government is neglecting their state and provinces. He said, "The fact that the business community would be given greater security, if private security forces assisted by military men in the various areas where factories and other sites were set up."

While he admitted that government neglect was one of the main causes of insurgency, he said, it was because government needed the private sector participation specifically in the highlands where people do not even have the means to be linked through roads.

Enrile blamed the courts of the land for the loss of faith of the people in the judiciary system. He said the undecided pending cases have reached an alarming rate that poor people have to wait as much as 10 years to get justice.

The NPA, he said, will be lucky to attain its goals in five years. If the insurgent problem spirals the next years they can perhaps take over the country within 10 years where by a confluence of events transpired. The next president, he stressed, will contend with a more serious contingency.

Enrile said there was no justification for the U.S. to enter this internal conflict. He said for as long as a foreign power do not support the rebels, America should not interfere. He said it would be the darkest moment for the country once foreign forces enter our shores. The Philippines will thus become the testing ground for foreign power's new weaponry, the defense minister stressed.

The Cagayan solon begged off from advancing a solution to the insurgency problem while Ongpin said the solution lies on the response of the businessmen and private sector.

Sacerdoti said the local economy has got to get out of the rut it is in and that the fruits of the economy should be distributed to all classes of society.

Enrile stressed that the government must be "able to change the way it moves when it is dealing with the people and that there are free from intervention."

8 August 1985

## PHILIPPINES

## NPA UPDATE ON STATUS OF 'FIRST POW'

Makati MR. &amp; MS. in English 28 Jun-4 Jul 85 pp 26, 27

[Article by Fe B. Zamora: "NPA Claims First Prisoner of War"]

[Text]

**P**HILIPPINE Navy Commander Ruben Domingo now holds the record as the New People's Army's first, and so far only official, "prisoner of war".

Cdr. Domingo, 37, is the government-owned Mindanao Steel Corporation's (MINSTEEL) executive vice-president. Based in Lugait, Misamis Oriental, 45 minutes away from the provincial capital Cagayan de Oro City in Mindanao, Cdr. Domingo was captured when, according to his captors' account sent to this magazine, "the New People's Army pulled off a tactical offensive which simultaneously hit the MINSTEEL compound, the town hall and the residence of fascist vice mayor Branzuela, all in the poblacion..." Dead during the hour-long fire-fight on the night of May 5 were two MINSTEEL security guards, and one Army trooper. Missing were 3 MINSTEEL employees and Cdr. Domingo.

Cdr. Domingo, so said the Misamis Oriental Command of the NPA in a one-page letter dated June 14, 1985, signed by its commander, "Comrade" NPA Commander Francisco

war (POW)". Expressing regrets to Domingo's family "who have to go through the anxiety of losing him", the NPAs also said, "we chose not to do away with him for humanitarian considerations". They added: "He will still remain with us, not until our demands shall have been substantially complied with".

The Misamis Oriental Command which signed the letter, listed the demand:

"Unconditional release of all political prisoners of Lanao, Misamis Oriental and Bukidnon and the public unravelling of the whereabouts of those snatched by the fascists and have since been missing".

Unprecedented yet, in the NPA's 16-year-old guerilla war to topple the Marcos government is the prisoner swap deal.

Col. Honorio Azcueta, MINSTEEL president and officer in-charge said the NPAs have specified the number of political prisoners to be released but with full names.

The NPAs also explained why

The NPAs also acknowledged Cdr. Domingo's wife's appeal for negotiations. "We shall deal only with her and another non-military entity", stated the NPA. Fe Domingo, who is currently in Cagayan de Oro City, is reportedly in constant communication with her husband. The NPAs also ordered Fe to

Task Force Detainees, a human rights group monitoring the plight of political detainees in the country, reported 6,482 political arrests in Mindanao from 1977-1984. TFD also reported 251 disappearances in Mindanao from 1974 to 1984.





PHILIPPINES

COMMUNIST PAPER CITED ON FIREARMS CAPTURED BY NPA

HK111530 Quezon City ANG PAHAYAGANG MALAYA in English 5 Jul 85 p 2

[Text] The New People's Army (NPA) has seized at least 740 firearms from the military during a three-month nationwide tactical operations, according to ANG BAYAN, the newspaper of the underground Communist Party of the Philippines (CPP).

A copy of the June issue of ANG BAYAN mailed to MALAYA yesterday, said of the 740 firearms confiscated by the NPA, the military arm of the CPP, 412 of them were hauled off by the red fighters from the March 25 raid of the Visayas Maritime Academy in Bacolod City, 130 from the armory of construction firm in Agusan del Sur, 40 from Samar military outposts and others were from various raids and ambushes in the countryside.

Among the firearms seized by the NPA's were mortars, bazookas, M-203's, M-60 machineguns, M-79's, M-14's, M-16's and Garand rifles.

From February 9 to May 26, the NPA, ANG BAYAN said, has staged more daring attacks on military outposts and town halls, such as the March 25 mid-day raid of the municipal building of San Roque, Northern Samar, and the siege of an armed forces armory in Guiyangan, Quezon last May 12.

ANG BAYAN, however, did not give a detailed report on the casualties on both the military and the NPA's during the tactical operations.

ANG BAYAN only reported that the red fighters raided the Pacific Cement Corp. in Cagayan de Oro City, the camp of the 234th PC [Philippines Constabulary] company in Bagupaye, Malunay, Quezon, the municipality of Laoang, Northern Samar, San Andres, Western Samar, Elizalde, Maco, Davao del Norte and the Consunji Construction in Agusan del Sur.

At the same time, AN BAYAN appealed to the people not to hitch rides on AFP [Armed Forces of the Philippines] vehicles, and get off from a public transportation vehicle the moment many AFP soldiers board it to avoid being caught in the crossfire.

In its editorial, ANG BAYAN assured that the NPA's strict'y adhere to the principle that maximum care should be taken to prevent innocent civilians from being harmed during military operations.

CSO: 4200/1206

8 August 1985

## PHILIPPINES

## MANILA DAILY REPORTS LATEST NPA ATTACKS

HK081541 Manila BULLETIN TODAY in English 8 Jul 85 pp 1, 13

[Article by Efren P. Molina and Tony Pe. Rimando]

[Text] Balanga, Bataan--Armed men believed to be New People's Army (NPA) rebels attacked a Constabulary detachment at the foot of Mt. Samat in Pilar, Bataan, at dawn yesterday, seriously wounding six soldiers.

The victims were identified as T/sgt. Carlos Fabon, S/sgt. Jaime Menor, ClC [Constable First Class] Jolly Rigor, ClC Ismael Cagiwa, ClC Ricardo Pasion, and C2C Francisco Dazo, all belonging to the 16th PC [Philippines Constabulary] First District Company under Capt. Loreto N. Abad.

A source said the six soldiers were roused from their sleep by about 40 dissidents who surrounded their quarters and ordered them to surrender.

When the soldiers refused to give up, the NPA's opened fire, the source said.

The source said the soldiers put up a fight but were overpowered by the raiders, believed to be the same group that ambushed and killed four Civilian Home Defense Force (CHDF) members at the Balanga-Abucay boundary three months ago.

After the gun battle, the raiders rushed to the soldiers' quarters and saw them lay helpless.

The dissidents reportedly asked a farm tractor driver they met nearby to bring the wounded soldiers to the Bataan provincial hospital.

The driver, known only as Mang Andres, and the raiders loaded the soldiers in the trailer of the tractor and rushed to the hospital.

The NPA's burned the military camp and left with the guns and ammunition of the soldiers, it was learned.

At about 10 a.m. yesterday, a Philippine Air Force [PAF] helicopter piloted by First Lt. Fred M. Payawan and Second Lt. Zaldy A. Criste arrived here and brought the wounded soldiers to V. Luna General Hospital in Queen City.

The soldiers were given a 50-50 chance to survive by hospital personnel here.

Col. Jose S. Andaya, Bataan PC-INP [Integrated National Police] commander, led some 120 soldiers from the PAF security group, 5th Army Infantry Division, and the PC in tracking down the raiders.

Pagadian City--a former top commander of the New People's Army (NPA), who had returned to the fold of the law last month so he could live peacefully as a farmer-fisherman, was liquidated yesterday by suspected NPA Sparrow unit members in barangay Dacanay, Siay town, Zamboanga del sur.

Meanwhile, five persons, including two members of the Civilian Home Defence Force (CHDF) were killed by armed men in separate incidents over the weekend in Zamboanga del sur.

Lt Col Jesus Guerzon, PC-INP provincial commander, identified the slain rebel-leader as John Daabya, 34, alias "Kumander Aguila" of Siay town.

Guerzon said several armed men, some of them former companions of Daabya, visited Daabya in his house in barangay Dacanay and tried to persuade him to return to the NPA.

When the former rebel commander told his former comrades that he was living peacefully and happily as a farmer-fisherman and had no intentions of going back to the hills, the armed men immediately gunned him down, the military said.

The slain militiamen were identified as Juanito Senit, 28, of barangay Campo Uno, Dimataling town and Oscar Paulin, 33, of barangay Bayabel, Aurora town.

Senit was killed by NPA hitmen who also took his Carand rifle while Paulin was shot dead by another CHDF member identified as Ambrosio Rolda due to personal grudge.

The other victims were Joseph Tubang, 34, of barangay Paglaum, Pagadian City; Perfecto Cabaguas, 21, of barangay Lobo, Surora town; and Herminio Macabantay, 26, of barangay Bitay, Diplahan town.

Meanwhile, a Sangguniang Bayan member of Plaridel, Misamis Occidental, and three other persons were seriously wounded late last week when suspected rebels peppered the councilman's house with bullets.

The wounded town councillor was identified as Castor Lupino of barangay Bato, Planidel. He was reportedly active in anti-dissident activities in his barangay.

CSO: 4200/1206

PHILIPPINES

RAMOS CRITICIZES BISHOPS' STATEMENT, NPA

HK091519 Manila BULLETIN TODAY in English 9 Jul 85 pp 1, 9

[Text] Lt. Gen. Fidel V. Ramos, Armed Forces acting chief of staff, said yesterday that people who are quick to blame the government and the military for peace and order conditions in certain areas, seem to gloss over the mounting atrocities of subversives, chiefly elements of the New People's Army (NPA).

Ramos was reacting to a statement attributed to Bishop Antonio Li. Mabutan, chairman of the Catholic Bishops' Conference of the Philippines [CBCP], who issued a statement in the name of the CBCP denouncing "the execution of civilians suspected as subversives by the government forces."

"Let it be a reminder to everyone that it is the Armed Forces' sworn duty to protect civilians and not to desecrate human life," Ramos said as he recounted the various violent incidents reported since the start of the year.

Ramos said that since last January 1, a total of 1,537 violent incidents were reported in the 12 regions of the country.

Of this number, he said, 70 percent were initiated by rebels, while the bulk of the remainder were police action or military operations initiated in response to calls for assistance by the public. He ascribed a small number of the violent incidents to actions by the Moro National Liberation Front (MNLF).

Since the start of 1985, he said, rebels attacked 27 municipal halls and 29 stations of the Integrated National Police (INP).

Attacks have also damaged power transmission lines, power generation stations, communication relay points, and heavy equipment of logging companies, Ramos said.

These attacks have caused property damage estimated at P[peso]92 million, Ramos said. In comparison, property damage wrought by rebels from 1981 in 1984 total P330 million, Ramos said.

In addition, he said, military casualties since the start of the year have reached almost 500 Armed Forces personnel, Civilian Home Defense Force and INP members.

He also said that about 600 civilians have fallen victims to depredations of the NPA. These include 46 government officials, including four mayors, he said.

On the other hand, he said, the military continues to cleanse its ranks of misfits.

As of last July 5, he said, a total of 23 officers and 73 enlisted personnel have been meted out disciplinary punishment by the AFP [Armed Forces of the Philippines] special action committee. Those punished include a Navy captain and two PC [Philippines Constabulary] colonels.

Since November 1984, he said, the committee has received a total of 375 complaints, of which 166 have been disposed of, while 114 are still under investigation.

The investigations arose from complaints of shooting, mauling, abuse of authority, harassment, indiscriminate firing, arbitrary detention, corrupt practices, and others.

Of those punished, 21 were dismissed from the service, seven demoted, two relieved of their posts, 15 given punishment such as reprimand under Articles of War 105, 29 placed under technical arrest and 22 court-martialed.

"We feel that we have performed our duties in accordance with our conscience, not only in accordance with the law, which is more than what can be said of other sectors," Ramos said.

Ramos recalled that some members of the clergy have confessed that some of their colleagues have been helping subversives. The priests who have disclosed this include the late Fathers Edgardo Kangleon and Zacarias Agatep, he said.

He also said that it should not be forgotten that renegade priests Conrado Balweg and the Ortega brothers have been fighting the government as members of the New People's Army.

Ramos also disclosed that in Northern Cotabato, church funds were found to have been used by subversive elements.

The AFP, he said, continues its dialogue with members of the clergy in order to bring about a speedy resolution of some problems affecting peace and order.

These dialogues, he said, have been conducted through military-church liaison committees, as well as peace and order councils, in which members of the clergy air their stand, he said.

In some cases as in the Peace and Order Council of Region 11, the chairman, is Father Emeterio Barcelon, rector of Ateneo de Davao, who was elected to the post by governors and city mayors of the region.

CSO: 4200/1206

PHILIPPINES

CAPTURED NPA MEMBERS TALK OF LIFE IN MOUNTAINS

HK120001 Manila PHILIPPINES DAILY EXPRESS in English 11 Jul 85 p 3

[Text] Davao City--"In the mountains, all we do everyday is eat, sleep and run," said 17-year-old Rogelio Chan, a member of the Communist Party of the Philippines (CPP)-New People's Army (NPA).

"We have no future," Chan told a group of newsmen at a local hotel here last Monday. "And I want to continue my studies and become a military lawyer--if given the chance."

Chan was captured by troopers of the third infantry battalion of the Philippine Marines, along with 25 other CPP-NPA regular members during an encounter last June 19 in South Cotabato. With only a .45 caliber pistol, he fought fiercely with his comrades until an armalite bullet pierced him in the back. He opened his shirt and showed the fresh stitches on his back.

"All groups in Davao and Cotabato have already been infiltrated by us," Chan said. "We now have our own men among student groups, among the clergy, among members of the Integrated Bar of the Philippines (IBP) and even among you in the press."

Known to his NPA comrades only as Ka Roger, Chan came to the press conference in rubber slippers, denim pants and maroon jacket--the same clothes he had worn in the mountains of Tupi, South Cotabato where he came from. Beneath the long hair, his intense piercing eyes and weather-beaten face reflect the tensions, the anxieties and ordeal of a typical NPA guerilla.

Among the five terrorists who were presented to the press by the military, Ka Roger was the most outspoken and most articulate.

Military sources said he finished his elementary and high school as a full scholar at the Mindanao State University at Tupi. During the National College Entrance Examination (NCEE) there, this young, NPA cadre got the highest grade of 97 percent.

Ka Roger's work with CPP/NPA was described as area surveyor, advance party and organizer. He worked with the local guerrilla unit (LGU) under the South



Cotabato revolutionary committee and was appointed president of the Kabataang Makabayan (KM) movement by the CPP/NPA.

"I was assigned by the movement to infiltrate the student groups at Ateneo de Davao, Riza' memorial colleges, St. Peter's College and University of Mindanao here," Chan told the local press, "and I did it by gathering the background and biodata of the student body presidents and hanging around the campus."

Although some of the mediamen were skeptical about the credibility and authenticity of the NPA surrenderers, many were convinced however after having heart-to-heart talks with the former rebels.

When asked whether this was just a ploy, they said: "We will be risking our lives since both sides can no longer trust us. We don't want to face two enemies--the military and the NPA. So, we'd rather give up to the military side for our own protection."

Chan's four other comrades, Ka Michael, Ka Bong, Ka Magno and Ka Johnny, also agreed with him. Ka Bong, 24, a former member of sandatahang unit [armed unit] propaganda arm of CPP/NPA, said many of their comrades still up in the mountains entertain doubts about the rebel movement and couldn't stand the suffering and sacrifice they claimed to have undergone.

"Many of us were afraid to surrender," Ka Bong told the mediamen, "because we were told that the military will torture and kill us if we do--but we're here and the military didn't even touch us."

CSO: 4200/1206

PHILIPPINES

BYSTANDER REPORTS DAVAO NPA OPERATION

Davao City THE MINDANAO DAILY MIRROR in English 21-22 Jun 85

[21 Jun 85 pp 1, 7]

[Article by Pons C. Basan: "Harrowing Experience for Stranded Passengers--  
NPSS Own Show of Force June 12"]

[Text

DAVAO CITY. -- Our trip started innocuously enough. We boarded a Ford Fiesta passenger jeepney bound for Digos, Davao del Sur, at exactly 4 p.m. where we were invited to the induction of officers of the newly-formed Davao del Sur Media Association (DAMA) at 6 p.m. This was Wednesday, June 12, Independence Day.

We were supposed to be in the company of Gil Abarico, former city press secretary, and now the newly-anointed officer-in-charge of the Office of Media Affairs and National Media Production Center for Region XI (OMA/NMPC XI) who was tapped as guest speaker for the affair. This was arranged by Jun Irlandes, NMPC man for Davao del Sur and DAMA PRO representing the government sector, who told us that Abarico would pass us by from 3 to 4 p.m. at the NMPC office on his way to Digos. Unfortunately, the OMA/NMPC XI headman passed by the office early while we were still at home getting dressed. So, we were left behind and had to take another ride.

The jeepney we were in had to stop from time to time to pick

up passengers for Digos. We tarried for a while in Toril district, this city, waiting for passengers. When we were about full, we proceeded to Santa Cruz, the first Davao del Sur town from Toril.

We were approaching barangay Bato, the last Santa Cruz hamlet some eight kilometers from Digos town proper, when we noticed from a distance some uniformed armed men flag down a white panel car and had it parked diagonally in the middle of the national highway fronting the Bato elementary school building. Sensing something was amiss, we told our driver to stop and saw that a passenger jeepney immediately ahead of us was also flagged down and was made to park in the same manner with the passengers pouring out like a pack of sardines from a tin can. We told our driver to turn around and head back towards Santa Cruz town proper but it was too late. One of the uniformed men was already beckoning to us waving his rifle menacingly. We had no choice and when we approached, one of the armed men shouted: "Babag!

Babag!" (meaning to park diagonally in the middle of the highway like the first two vehicles so as to block passage.) We were then ordered to alight and everyone of us male passengers were frisked for hidden arms. Some of us who seemed able-bodied were asked to produce identification papers. We showed our ID as a newspaperman while the other produced their residence certificates. The time was exactly 5 p.m.

It was then that we noticed a young man of about 23 wearing a faded denim jacket and pants casually holding at his side a .38 caliber revolver standing in the middle of the road who seemed to be the armed men's leader. He told us all in Cebuano: "Ayaw mo'g kahadlok. Dili mo namo unsaon. Pangita lang mo ug kalikayan kay engkaso'g may mababuhay nga kaaway. mapagan unya mo." (Don't panic. We will not harm you. You just try to find a secure place in case our enemies arrive for you might get caught in the crossfire.) Our suspicion that they were NPAs were confirmed when we noticed for the first time that tied to the handhold of each of their weapons which consisted mainly of armalite and garand rifles was a red piece of cloth.

We and the other passengers retreated to a higher area near the back of the school building and apprehensively waited for developments. We also noticed that a young man in camouflage uniform, holding an armalite rifle at the ready, and leaning on the concrete fence enclosing the school grounds was guarding our every movement. We were of one mind then that if ever a military contingent happens by and there will be a firefight, we will be made hostages during their withdrawal to the mountains. It was not a good prospect for us all. Meanwhile, we could hear the arrivals of more vehicles and the inevitable shout: "Babag! Babag!"

[22 Jun 85 pp 2, 6]

[2d of two-part article by Pons C. Basan: "NPAs Own Show of Force--Harrowing Experiences for Stranded Passengers"]

[Text]

At around 5:30, all hell broke loose. Suddenly there was sustained firing of armalite and garand rifles from the Santa Cruz side which made us believe that a military contingent had arrived and was now engaged in a firefight with our captors. We scampered to safety higher up the rolling plain with the women and children crying and stumbling in panic. From the bend of the road leading to Digos, we could hear answering fire which confirmed our suspicion that they were in two groups. However, we noticed that from the sounds of gunfire, they were mostly firing into the air. Then there was only sporadic firing which lasted for about three minutes.

Soon the rain started to fall. We took cover under a house at the back of the school building beside the road leading to Kapatagan, a mountain enclave between Santa Cruz and Digos towns, which took center stage recently when the military and the NPAs engaged in heavy combat there. Before long, we saw the armed group walking along the sideroad and when they passed by us one of them said: "Pamauli na mo. Tapos na." (You go on home now. It's all over.) Since we were on an elevated position, below us we saw that some of the vehicles, especially the smaller ones, were already moving.

There were twelve of them in the group that stopped us including what looked like two amazons. All of them look not more than 30 and almost all were dressed in fatigue uniforms. We could not know their exact number since the other group from the Digos side did not join them and withdrew taking another route.

When we got to the highway, there was utter confusion since most of the vehicles stranded which we estimated within the vicinity of 40 could not start as their keys were confiscated by the armed band. We noticed also that almost all big vehicles like freight trucks and passenger buses had their tires blown up by rifle fire. That accounted for the sporadic firing we heard.

We sought out the Ford Fiera we took from Davao City but it had already gone. So we hitched a ride on an empty cargo truck going home to Kabacan. North Cotabato and dropped by Digos. By then it was almost 7 p.m. and we were drenching (or soaking) wet with rain when we arrived at the Saroma restaurant where the induction ceremony was held.

Although, nobody got hurt, it was a harrowing experience for us. What if elements of the military did indeed arrive? Since it is a hypothetical question, only God knows what could have happened. We presumed though that since nobody among us lost valuables such as wrist watches, jewelries and cash, the NPAs were only after arms and were making a show of force as their independence day "pakulo." One of them asked us for cigarettes but since we don't smoke and did not carry any, two of our co-passengers readily produced two full packs for which the young rebel expressed his thanks.

PHILIPPINES

OPPOSITION THREAT CANCELS ZAMBOANGA FESTIVAL

Manila BULLETIN TODAY in English 23 Jun 85 p 5

[Article by Vic P. Arevalo]

[Text]

**ZAMBOANGA CITY**  
— Dia de Zamboanga (foundation day of Zamboanga) scheduled for today, June 23, has been canceled.

Mayor Manuel A. Dalipe made the announcement in a meeting at city hall with the organizers of the festivities.

However, the beauty pageant, which was to highlight the festival, will be pushed through. It was rescheduled to June 29 at the Zamboanga Convention Center in Pasay. The winner from among 15 candidates vying for the title of Miss Zamboanga will instead be proclaimed "Miss Zamboanga Tourism."

Mayor Dalipe was to have officially declared last Wednesday as Dia de Zamboanga pursuant to Resolution No. 123 of the Sangguniang Panlungsod dated Feb. 27, 1983, to commemorate the founding of Zamboanga and to consecrate the spirit of unity, understanding and reconciliation.

However, because of reports that certain segments and politically inspired groups oppose the holding of Dia de Zamboanga on June 23 and

some radical elements are poised to hold demonstrations and disturb the peace, Dalipe said, he decided to cancel the celebration.

"I ask our good people, particularly those who have looked forward to the celebration, for their forgiveness, for my failure to give my official imprimatur to such a much-awaited executive proclamation, because, in the interest of unity, understanding, and reconciliation, I would rather defer such action for a more propitious and auspicious occasion," Dalipe said.

Muslim groups had earlier protested the date, June 23, as foundation day of Zamboanga City, saying that this was the date the cornerstone laying for Fort of Pilar, marking the start of the Spanish subjugation of the Muslim natives.

Their protest filed with the Sangguniang Panlungsod last Wednesday was referred by the body to the committee on education and tourism to which was asked to restudy the matter and to come up with the most appropriate date for the celebration.

PHILIPPINES

COLUMNIST QUESTIONS VIRATA RAID 'FIASCO'

Manila PHILIPPINES DAILY EXPRESS in English 27 Jun 85 pp 4, 5

[Article by Noel C. Cabrera in "As We See It" column: "The Virata 'Raid' Fiasco"]

[Text]

**A**FTER the rather hazy, muddled, and at times contradictory reports on several incidents the past month or so, one gets the feeling that the public is not being told everything it should perhaps know.

The latest incident happened just Monday night when 100 battle-ready lawmen descended on a quiet, upper middle-class housing village in Quezon City and deployed themselves around and in the vicinity of the home of Prime Minister Cesar Virata. Street barricades were also set up.

Unaccustomed to such a spectacle and completely in the dark as to what was happening, residents of Philam Homes Monday night must have shaken in their pajamas. The "siege," punctuated by a near mistake shootout between troopers and police reinforcements, was lifted 2:30 a.m. Tuesday.

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News accounts on the fiasco are again unclear. Too many questions are begging to be asked.

Why were troopers in full battle gear and policemen dispatched in a massive deployment operation around Virata's house?

Was the operation, as one report went, really a dry run, a practice of sorts to keep security forces honed for the job? If so, then it must have been inspired by the rather ill-advised "mock raid" on the Bacolod police headquarters by the PC provincial commander Col. Arnulfo Obillos and his men.

Obillos, who triggered panic and bedlam with the sudden firing of guns, was to explain later that the "raid" was to test the combat readiness and alertness of the station policemen.

Incidentally, the police chief who thought the mock attack wasn't such a good idea because it courted mistake killings has been sacked.

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Another report, a conjecture actually, said the "siege" on the Virata home must have been occasioned by a tip that missing Col. Rogelio Pureza — suspected mastermind in the recent Cavite town hall massacre — was in the Virata residence. The prime minister is also from Cavite and is said to be closely acquainted with Pureza.



But what appeared to be the official version was that a tip from an anonymous caller warned of an NPA attack, led by top man Kumander Juaning, on the Virata home, thus prompting the massive deployment of lawmen.

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By the news accounts, however, the supposed tip didn't look solid enough to merit swift troop deployment of that dimension. The tip, through an anonymous call, was said to have been received by a Philam Homes guard.

How the tip made its way to acting PC chief Victor Natividad and Brig. Gen. Alfredo Lim, NPD superintendent, and was finally translated into a "raiding force" was not made clear.

Why the over-reaction, if indeed there was an over-reaction?

If the Metrocom and NPD really believed Kumander Juaning was to stage an attack, why were the cops and troopers openly deployed in an apparent show of strength? Shouldn't the operation have been such that prize-catch Kumander Juaning would have been lured into the vicinity and captured?

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Will the loose ends in this Virata fiasco ever be tied? Will the real story ever surface?

Previous incidents the news accounts of which were similarly muddled and confusing remain shrouded in mystery to this day.

What, for instance, really transpired in Project 7 where some 200 troopers and policemen stormed a supposed NPA safe-house and cordoned the area only to end up empty-handed?

One trooper was killed while a man was found dead along the suspects' escape route. To this day, it is not even clear if the dead man was a deep penetration agent killed by the suspected NPAs while escaping or one of the NPAs who was shot by cops during the escape.

Was there over-reaction? Was there lack of coordination among the various units and agencies? What went wrong that a band of four or five could keep at bay and escape from so many lawmen?

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This incident was to be followed soon after by an encounter between policemen and a group of car-riding men in Tondo, one of whom was wounded and captured.

Immediately, there were conflicting reports as to who the captured man was. It seemed he was an NPA man but, even

here, there was confusion as to whether he was a top NPA commander with a hefty price on his head or an ordinary NPA armed city partisan.

As an interesting sidebar, there was even a supposed NPA hitman who surrendered to the police and reportedly spilled

the beans on the alleged NPA group involved in the Tondo shootout.

But as in the Project 7 incident, and the Virata fiasco, the public may never know what really happened in the Tondo NPA case and why events unfolded as they did.

PHILIPPINES

RESIDENTS BATTLE DEMOLITION TEAM, SCORES INJURED

Manila BULLETIN TODAY in English 27 Jun 85 p 5

[Text]

Scores of people were reportedly hurt yesterday afternoon when a human barricade of housewives fought a demolition team sent to tear down nine houses on Suter St., Sta. Ana, Manila, by a Manila city hall crew.

The demolition crew was composed mostly of the city engineering office personnel and was led by Assistant Sheriff Alfredo Destor.

The crew reportedly carried a court order to "demolish at least nine light-built houses" standing on a piece of land owned by a certain Rod Caingat on Suter St., near the corner of Tejeron St. in Sta. Ana.

Destor's group arrived at the area at about 1:30 p.m. and was met by residents lined up along the street.

At least 100 people were reportedly in the group that fought the demolition team with fists and clubs.

Julita Tamondong, 65, their families had

appealed to the authorities to wait for today's court hearing at the Manila metropolitan trial court of their counter-suit involving the case.

"Hindi man lang nila kami pinaghigvan (They did not even give us a chance)," Tamondong said.

Those who were injured refused to be taken to hospitals and did not want to be identified.

Maj. Aladdin Dimagmaliw, Western Police District (WPD) station commander in Sta. Ana, said that his men picked up three young men who allegedly instigated the trouble. The three, however, were not immediately identified, were, however, released after questioning, Aladdin said.

CSO: 4200/1243

PHILIPPINES

ECONOMIST SEES RECOVERY, LAUDS FERNANDEZ, MILITARY REFORM

Quezon City VERITAS in English 30 Jun 85 pp 20, 21

[Text] A year ago, VERITAS interviewed Dr Bernardo Villegas, senior vice-president of the Center for Research and Communications (CRC) and a vocal critic not only of the policies of President Marcos but of the advocates of nationalist policies. In that interview Villegas staunchly defended his earlier prediction that the peso would see a 72-percent devaluation by the end of 1984, corresponding to an exchange rate equivalent to P24 to \$1. Villegas also predicted an economic holocaust of sorts that would last until 1990. His scenario sent shudders down the spine of the entire business community in the country, and no one dared to challenge his projections.

A year later the exchange rate has not come anywhere close to the amount Villegas had predicted and, happily enough, the economy has not been completely devastated as he had feared.

That the Filipino will likely survive the economic disaster is a tribute not so much to President Marcos and the architects of his economic policies but to the resiliency and the unyielding spirit of our people.

In this light, VERITAS' Eduardo B. Pacheco interviewed Villegas once again to find out if there are any changes in the views of the renowned economist. The full interview follows:

Question: Now that the loan agreements with both the IMF and the 483 creditor banks have been signed, will the country's economy finally improve?

Answer: From a psychological standpoint, there is definitely a more positive mood now that our country has been restored to a good credit standing in the international world. We have noticed that now there are businessmen who are willing to reconsider some of the projects that they had closed-up. In fact sales in the last four to six weeks have been improving. So we do see the beginning of a recovery. But we also see that the real upturn will not come until we have a considerable increase in the money supply. I see the short-term beginning of such an increase in money supply when we begin the political cycle of election spending.

**Question:** With all those strict requirements, targets and conditions tacked onto the loan agreements, have we not virtually turned over [to] the IMF the management of our economy?

**Answer:** Not really. I think what the IMF requires are conditions that we ourselves should be implementing. For example, making our money supply grow at moderate rates; keeping our government deficit under control; trying to limit the role of public corporations. All of these types of what we can consider responsible fiscal and monetary management are directions our government should be taking with or without IMF dictation. So I do not in any way consider the so-called IMF conditionality as surrendering to external forces. Although there is a lot of fine tuning that can be done. For example, as far as the reserve money is concerned, if the IMF says we will commit you to have P38 to P39 billion by the end of this year, we can always have it at a much lower level as Governor Fernandez seems to be intimating, or we can violate the ceiling if certain political realities should so dictate. Definitely there is always the danger of some people in the government repeating the irresponsible expenditures that were evident before the May 1984 elections. But I see Governor Fernandez definitely in greater control now. After all, he was just governor of Central Bank for a few months when we had the May 1984 elections. He was still not in total control of the situation. Now I can see him increasingly counteracting the political forces.

**Q.** You mean you are confident that he can put his foot down on some elements in the government?

**A.** Yes. His track record in the last eight months shows that he has put his foot down on a number of very important monetary issues.

**Q.** You mean he can actually control the President and his wife?

**A.** Yes. Because they have no choice. I always emphasize that if we leave the pressure only to the cause-oriented groups I think our great politician is still too shrewd for anyone of us. But because there are now pressures from the outside, that is one source of pressure that our president cannot easily manipulate.

**Q.** With all your confidence in Fernandez, can you say the same of Virata?

**A.** I think it boils down to a difference of personalities. I think (it is) the type of character that the Prime Minister has, he is more of a staff person, always supporting whoever is executive, trying to minimize the damage but not really being the leader himself. That, I think, is the kind of relationship between the president and the prime minister. With the Central Bank and the monetary sector and a chief with the personality of Jobo Fernandez, you can expect him to act like a chief executive in the monetary sector. And he has acted like a chief executive in the monetary sector.

**Q.** Do we still have "excess liquidity" in the economy or has it been mopped up by the "Jobo" bills?

**A.** It has been very effectively mopped up by the "Jobo" bills. That is the great accomplishment of the governor. Most forecasters, including those at CRC (Center for Research and Communication), were proven wrong on the foreign exchange rate. Most of us expected P24 to \$1 by the end of last year. The main explanation (for the mistake in the forecast) is that we now have an individual like Jobo Fernandez with all the skills and all the knowhow -- through the Jobo bills--to remove the liquidity from the financial system. Although the instruments were theoretically there, we did not in any way foresee that he would have the ability to "put his foot down." We did not foresee the government to have the political will to do what he did. He did what was politically impossible before.

**Q.** But his actions in some way hastened the collapse of some banks.

**A.** Definitely. That was the trade off he had to take. That's exactly what I mean by political will. Political will means being able to bite the bullet, accepting the bitter pill of some companies collapsing, some weak banks disappearing or being absorbed by bigger banks. That was the cost that we had to pay for the "Jobo" bills.

**Q. If liquidity has been mopped up and inflation is under control, why have interest rates not gone down appreciably?**

**A. Inflation has actually decelerated.** Whereas by the end of 1984 the inflation on a December '83 to December '84 basis was at 50 per cent, now—as of June 1984 to June 1985—the inflation rate is at 35 per cent which is a significant deceleration. Compared to what is happening in Latin America where they talk about inflation rates of 1000 per cent or more, definitely our monetary authorities have done a superb job. Whether or not that rate can be brought down to 15 to 20 per cent will depend on how again Jobo Fernandez can counteract any tendency of the politicians to introduce a lot of money into the system because of preparations for the elections.

Some of that money can be introduced into the system through bringing back the dollars that some of these politicians have been keeping abroad. In that case there is very little you can do to stop them from bringing in dollars.

But that will help us with our foreign exchange reserves. At the same time it will introduce liquidity into the system. How the governor will actually respond to that kind of a challenge remains to be seen. So there can be a danger of inflation being reignited by the last quarter of this year, the period when a lot of these politicians will be jockeying for positions. If he is able to counteract that political phenomenon then we might see him bringing down the inflation rate to between 15 to 20 per cent by December 1985. If that happens interest rates can be brought down to the level of 20 to 25 per cent, which is definitely an improvement over the 35 to 40 per cent that we have been experiencing in the last few months.

**Q. But the Philippines has the highest interest rates in Asia now. If industries are going to start up anew and business is to prosper, how can they do so if they can not borrow in the face of tight credit (which is one of the IMF demands)?**

**Answer:** I would distinguish between the top 1,000 corporations and the small and medium scale operations. Definitely the large businesses cannot operate for too long at rates of interest between 35 to 40 percent. That is why it is very important for us to be able to tame inflation so that the rates of interest can be brought down to between 20 to 25 percent. However, and this is probably the good news, even during the most critical period when our interest rates were hovering between 40 to 50 percent, we saw that there were a lot of small enterprises in the countryside, as well as in the urban centers, that were not really that adversely affected. Because most of these small businessmen have been used to "5-6." You know, you borrow P5 at the beginning of the week and pay P6 by the end of the week. That is more than 1,000 percent interest per annum. These are the people whose need for capital is minimal because they have a very, very quick turnover. They are usually in trading. These are the people who are not suffering too much from high rates of interest. I am not saying that we should not worry about the top 1,000 corporations. They have tremendous multiplier effects. If they collapse, a lot of other small businesses are affected, so we have to worry about bringing down interest rates to more reasonable levels.

**Question:** What sector would first feel the benefits of the credit approval?

**Answer:** Definitely export-oriented projects, especially among those that make use of indigenous materials and our relatively cheaper labor: houseware and gift ware, garments and non-traditional agri-business ventures like shrimps, prawns and mango nectar. These are the types of business that can benefit especially if credit will once again be available at anywhere between 18 to 23 percent. I continue to see the manpower export industry as being viable although the Middle East is facing some problems because of lower oil prices. The advantage right now of the Filipino is in the area of educated manpower and higher skills. What we are now exporting to the Middle East are technicians who can maintain equipment, hotel workers, nurses and paramedics.



The ones that would take a longer time to feel the benefits will be the large import-substituting industries like car assembly, appliances and even some textile companies because consumer markets in the Philippines will continue to be weak.

Question: Is credit actually more easily available now?

Answer: In some areas, yes. In fact there are some types of concessionary loans that are available but some exporters at the moment are still not eager to expand their facilities for various reasons, among others, the mopping up operations that resulted in exchange rates that are artificially low. With the present foreign exchange rate, our exporters are getting less than P18 per dollar. Whereas a lot of raw materials they purchased earlier were at P20 to P21 to the dollar. At the moment we see some exporters not really eager to increase their volume. That's why you do have some credit lines that are not being utilized. In fact that is a big worry for some people at the Central Bank—that they have a lot of these facilities that will have to be used up before the year is over. Otherwise, the World Bank may say—we won't lend you any more because you cannot even make use of what we're lending you.

There are two main reasons for the unwillingness of some to get into export: one is the unattractive foreign exchange rate and the other has to do with political uncertainty. There are just too many unanswered questions like snap elections and insurgency that require answers, especially if it involves investing large sums of money.

Q. The centerpiece of the loan agreement with the banks was the infusion of \$925 million in new money and the 10 billion in trade credits, moves the government sees as the key to economic recovery. But half of the new money will go to pay interest arrears and drawdowns on the trade credits are conditional on our hitting IMF-set monetary targets. How would you explain these terms?

A. It is quite clear that the so-called new money is not going to yield investible funds for the Philippines. The new money is going to be used to pay back old indebtedness. That has been very clear from the very beginning. The only real help of this agreement, in the short run, is it once again reactivated the \$3-billion trade facility that was lost when we got into the moratorium. The big question is who will make use of the trade facility. Either those who will import in order to sell to the domestic market or those who will import to reprocess these materials for re-export.

Now there is a depressed demand for imports because it is very difficult to sell to the domestic market. People have no purchasing power. Although we see an uptrend in sales. So little by little we

expect people to start importing raw materials again. Business will start preparing their inventories for what could be a mini boom during the last quarter when we have the expected election spending. Those are the types of imports that will be benefited by this reactivation of \$3 billion in trade facilities.

Q. How do you account for this slight improvement in sales?

A. Part of it is what businessmen call the stocking phenomenon. Businesses have seen that they have allowed their inventories to fall at very very low levels. Although there will not be that significant increase in retail sales, their confidence has been somehow regained and they will start building up their inventories again in the hope that there will be better consumer spending in the second semester. Businesses don't want to be caught without inventory.

If there is a slight increase in consumer sales, this is because of the noticeable increase in remittances from workers abroad during the first quarter. A lot of the banks reported this during the first quarter. This is because workers abroad think they are getting a better deal in the exchange rate than in 1984.

Q. With the restoration of normal trade financing, what are the expectations on the peso-dollar exchange rate?



A. Considering the track record of the governor, given the instruments that he has been using to fine tune the money supply, the exchange rate can be kept to P22 to \$1. That is the worst situation I can think of by the end of the year. We (the CRC) mentioned anywhere from between P24 to P30, but that was underestimating the political will of the government. But that was based, of course, on its track record. But we have a completely new element here. A governor who is completely a non-nonsense person.

Q. Will the IMF seal of good house-keeping plus the restructuring agreement with the banks encourage foreign investment to flow back into the country?

A. Again there are different categories. I think it will take sometime before we can make the Philippines attractive again for new investments coming from Japan and the U.S. I think what the Japanese and American businessmen will be doing

is to maintain their existing business ventures in the country which account for around 60 per cent of foreign investment in the Philippines.

The ones I see who are bullish about the Philippines despite the political turbulence, are the countries around the Asia-Pacific region, the Koreans, the Taiwanese and the Malaysians. The Malaysians are coming because of the bumiputra policy in their country. Some Indonesians are also coming in. I see more and more of these people who in themselves are used to political turbulence in their own countries-coming in as investors in the Philippines. These investors look at the Philippines in five to seven year horizons and are not really looking for quick returns to their money. Some non-traditional Europeans are also coming like the Austrians and the Swiss. These are the Europeans who find the Philippines as the least "inacrutable" among the Asian countries.

I think this is really a very healthy trend. I would like to see the dominance of Japanese and American businesses here watered down with the presence of other nationals.

Question: What is your long-term assessment of the Philippine economy?

Answer: I think it is still one of the most attractive countries for investment in agri-business and labor-intensive oriented industries. The big question is when do we sort out our political mess. There I exude optimism. The pressure on our leaders to institute reforms so that we restore the checks and balances that were dismantled by martial law are so great that they (the leaders) are actually being obliged to comply. We now have a mass media that are the freest again in Southeast Asia, compared to the media in Singapore and Malaysia. Then we have a parliament with anywhere between 60 to 80 independent-minded individuals, very vocal critics of some of the policies of the government. And I am very optimistic about the reforms in the military.

Question: How do you assess the insurgency problem and how does it affect the business community?

Answer: It is a very important factor that businessmen consider, especially in agri-business investments. I see two causes for the escalation of NPA activities. The first root is really the problem of military abuses. Now if the reforms in the military are really pushing through, then I see that problem being addressed as it should.

The other cause is the economic policy that created agricultural monopolies which made it very difficult for the producer to get higher prices for his product. The farmers were not getting what they deserved for their products. This is a policy that dates back to Magsaysay when we favored the urban

consumers over 70 percent of our population in the rural areas who are the actual producers of our goods. With price control going, we will see some major changes soon. With the dismantling of monopolies, we will also see major changes in the structure of our economy. I see measures that will lead to grassroot reforms. My net assessment of the insurgency problem, in the light of all these reforms, is that there will definitely be some improvement in the future that would be to the benefit of the business community.

CSO: 4200/1257

PHILIPPINES

CHIEF REJECTS REMOVAL OF TROOPS FROM MISAMIS

HK091517 Manila BULLETIN TODAY in English 9 Jul 85 pp 1, 9

[Article by Jose de Vera]

[Text] Lt Gen Fidel Ramos, Armed Forces acting chief of staff, rejected yesterday proposals to pull out a battalion of soldiers from Claveria town and Gingoog City in Misamis Oriental, which are reportedly New People's Army-influenced areas, but agreed to lift a food blockade imposed there by military officers.

At the Kapihan sa Manila [Manila Coffeshop] forum held at the Manila Hotel yesterday, Ramos said the PC-INP [Philippines Constabulary-Integrated National Police] has solved five of 17 cases of killings of journalists. He explained that 10 murders were traced to be related to the work of the victims, five were not related, while the motive in two cases is still being ascertained. Meanwhile, Camp Crame reported yesterday that 15 persons, including 13 civilians, were killed over the weekend in Mindanao in four violent incidents blamed on the NPA. Ramos, who is also PC chief and INP director-general, said that in five cases, the journalists were killed either due to personal grudge, politics, or "unethical practice" of the profession.

Ramos' answers were made in response to a question on the progress of investigation which he had ordered on instruction of the president, and through Defense Minister Juan Ponce Enrile. Also at the Kapihan yesterday were Maj. Gen. Josephus Q. Ramos, Army commanding general; Maj. Gen. Vicente M. Piccio Jr., Air Force chief; Rear Admiral Simeon M. Alejandro, Navy flag officer-in-command; Brig. Gen. Victor Natividad, Metrocom [Metropolitan Command] acting chief; Brig. Gen. /words indistinct/ Police District superintendent; and Brig. Gen. Eduardo R. Ermita, AFP [Armed Forces of the Philippines] Civil Relations Service chief.

Political opposition leaders in Mindanao, the Visayas, and Bicol region, asked most of the questions focused on military matters. Ramos said the insurgency problem is a non-military problem. Rather, he said, it is a political problem needing a political solution in which the role of the military is only supportive in nature. The problem, he stressed, must be countered by political measures.

The pullout of troops from Gingoog City and Claveria, particularly from Barangay Balingasa where some 200 NPA regulars reportedly held since the past months, had been demanded by an opposition leader from the province. Ramos said the stationing of troops in the areas primarily aims to protect residents, especially those in remote areas, who are reportedly being harassed by the insurgents and are subjected to the so-called progressive taxation system.

The Misamis Oriental opposition leader also demanded the lifting of what he called "resource blockade" on food blockade in the areas, which had reportedly been imposed by military field commanders to starve the NPA's in the area. As a result of the food blockade the people in the area, instead of the insurgents suffer from food shortage, it was reported. While field commanders, Ramos said, had reported to him that the residents have enough food for themselves and would not be affected adversely, he told the forum that he was ordering Brig. Gen. Madrino Munoz, commander of regional Unified Command-10 to lift the "food blockade" on a selective basis.

CSO: 4200/1206

PHILIPPINES

AIR FORCE FORMS SUPPORT GROUP TO AID MOBILITY

HK101515 Manila TIMES JOURNAL in English 10 Jul 85 p 3

[Text] The air force has formed a special air support group in all the regional unified commands to increase the mobility of ground troops in all aspects of operations.

Brig. Gen. Angel Mapua, commander of the 5th Fighter Wing, said the group will be headed by an air force specialist whose sole task will be to provide the aircraft needed by the commands.

Mapua said the operations of the air group will cover combat, disaster and mercy operations.

Mapua, who is also concurrent officer in charge of the Central Luzon regional unified command, said the group will be operational next week.

He disclosed the formation of the group while discussing the air support for the ground troops hunting the rebels that raided a PC [Philippines Constabulary] detachment at the foot of historic Mount Samat in Pilar, Bataan, early Saturday morning.

One of the six soldiers manning the outpost was killed and the five others were critically wounded during the firefight with the rebels.

The PAF [Philippines Air Force] has sent helicopter gunships to provide air support to the ground teams as well as increase the mobility of the troops.

CSO: 4200/1206

PHILIPPINES

THOUGHTS, GOALS OF AFP REFORM MOVEMENT OFFICERS PROFILED

Quezon City ANG PAHAYAGANG MALAYA SUNDAY in English 30 Jun 85 pp 8, 9, 14

[Article by Gemma Nemenzo Almendral: "The Curtain Rises for the AFP Reform Movement"]

[Text] If the armed forces are theater, it is the backroom guys who are now in center stage, holding the audience/nation's rapt attention as they attempt a fresh approach to a hackneyed drama. The story is essentially the same--the bad guys are still those who fall under the generic category of "communist," the objective is still to get rid of them. But unlike the campy style of the aging lead stars, of projecting themselves as lily-white heroes while allowing, if not actually hastening, the murk and cobwebs to blur the goal, these young turks of the military arena are hacking away at the obstacles, slowly, ever conscious that the stage is small and crowded, and the dragons of good look exactly like the dragons of greed.

Necessarily some elements of the play are changing; new characters and subplots require shifting strategies and paces. It is no longer clear who is directing the entire scenario, or whether there is a director at all, other than the protagonists themselves. The spectators are intrigued by the unfolding drama; is it headed for a peaceful ending or will it be a tragedy of major proportions? Will there be a re-definition of alliances to accompany each battle scene? Will the ultimate conflict just be between government soldiers vs. rebel soldiers or will the play explode into a spectacle, the audience drawn into the action, thereby becoming participants themselves?

Martial law and the war in Mindanao in the early '70's spawned a giant military organization which became the dominant cog in the government machine. To fulfill its perceived role it was accorded power, and to expand its reach it became the country's largest job dispenser.

But years and events caught up with the giant. Pretty soon it became obvious that the massive bureaucracy and the exercise of too much power was eroding the core of the military. "The ensuing situation was like a quagmire," a young air force officer described what he saw in the field. "With the spiralling cost of living, the organization could hardly afford to give its hundreds of thousands of men decent and realistic wages, nor could it equip each one with the



gear necessary for battle. Thus the discontent. To compound the problem, the organization had--or has--to contend with ill-trained soldiers who joined in only because they needed jobs. But everyone has a gun, it is that power which is constant. For a frightened, hungry soldier, his gun spells survival and he wields his power unsparingly."

Other officers assert that it is not just the lack of resources but its mismanagement that demoralizes. "How can one help being bitter and angry when he is sent to a remote area without an allowance and basic combat gear yet his commanding officer throws lavish parties on office expense?" one asks. "If we are chained to misery then let it be an equitable distribution of misery," another wryly stated.

Through the years, the problems multiplied and brought in other problems. Within the military itself, complaints focused on graft and corruption favoritism, overextended terms of office, the lack of effective leadership. Civilians joined in the fray, exposing evidence of military abuser and other human rights violations. By the end of the martial law era, the man in uniform had become a villain in the eyes of the public, a stigma which rankled the minds of professional soldiers, particularly those steeped in the tradition of the Philippine Military Academy (PMA) where the soldier is perceived as a hero.

### FOR GOD AND COUNTRY

"When I graduated, I was ready to die for God and country. But after I spent years in the field -- where men gave up their lives and others got the credit and the logistics -- I realized that the coconut trees in Cotabato were not worth dying for," an army colonel stated.

Another one, a PC lieutenant who graduated in 1981 described how he survived an ambush in Zamboanga which spared only 12 out of a troop of 30. His training in the Academy provided him the skills to survive a life-and-death situation but did not prepare him for the shock that followed. "(It) was a massacre but not one of the human rights groups in the area offered a gesture of sympathy or consolation. I started asking myself why, if we are the protectors of the people, why are they so mad at us?"

The questions kept coming but the answers eluded each one: "What are we fighting for? I thought we were fighting for a cause..." "Why are we spoken of so derisively?" "Why is the AFP on stalemate while the NPA is gaining ground?" "We would get together, those of us who belonged to the same class in PMA, and talk about our complaints. We griped when we were supposed to be having fun, we griped in moments of relaxation. Eventually we asked ourselves, *hangang gripe na lang ba tayo?*"

### GRIPING AS PASTIME

Gripping, as President Marcos was supposed to have said before a group of PMA alumni, is a favorite pastime of young officers. During his time he too complained a lot. Yes, but as one officer retorted when told of the comment, "We did not inherit the ability to gripe. We inherited the causes of the gripes."

The Aquino assassination on August 21, 1983 was the ultimate unsettle. "It concretized for me the pervading feeling of exasperation with the system," one Navy Lieutenant recalled. "For the first time in my career I was ashamed to wear my uniform," remarked a higher ranking officer. "The first question was the morality of it (the assassination). Why have we sunk to such depth?" A more pragmatic but equally agonized junior officer stated, "If they had to do it, why do a lousy job of it?" Two high ranking officials admitted that in the wake of the tragedy, they went to General Ramos to pour out their frustra-

trations and the latter, a professional to the hilt, admonished them to "be patient."

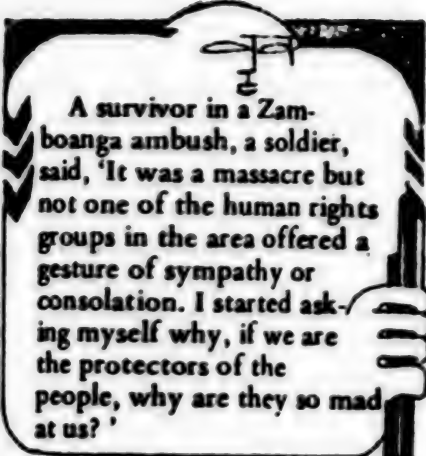
By the time the AFP Chief of Staff General Fabian Ver and 25 other military men were indicted more than a year after the assassination, the rumblings and grumblings in the ranks were increasing. But like true soldiers in times of adversity, many clung to a ray of hope. "Of course, the military is involved in the assassination, but it is not the whole organization," explained an officer from the Air Force. "It's true there are a lot of bad eggs among us but what about those who want to be good? I hope the people will give us a chance (to prove ourselves)," pointed out another.

### NASCENT DAYS

**N**O one among the regulars could pinpoint exactly the date of the REFORM AFP Movement's birth. All they say is that it started out as a small group of friends from a certain batch of PMA alumni. In a matter of weeks, via word-of-mouth ("I heard that there was this group to whom we can air our complaints," recalled a young alumnus), more and more alumni from other classes began attending the meetings. "We had no formal membership, no leaders. We just got together and talked about what we can do beyond complaining." By February, this year, the representation among the batches was broad enough and their goals clear enough for them to be able to issue their Preliminary Statement of Aspirations, a strongly worded document which was distributed during the PMA Alumni convention. The one-page declaration read in part:

*"We have searched for leaders from among our seniors but then most, if not all, are too high to be non-partisan; too comfortable to be interested; or too wealthy to care. Or perhaps, it is their way of admitting that they no longer have the moral right to lead us to reform.*

*"We have earlier sought to ventilate our grievances and aspirations in conventional fora but this too has evolved in the 1980s which rewarded boot-licking incompetents and banished independent-minded professionals and achievers, resulting in an organization with chronic paralysis of the extremities. Subordinate commanders would rather*



A survivor in a Zamboanga ambush, a soldier, said, 'It was a massacre but not one of the human rights groups in the area offered a gesture of sympathy or consolation. I started asking myself why, if we are the protectors of the people, why are they so mad at us?'

*stand idle than risk losing their comfortable positions."*

Chiding some senior officials for going to "the extent of engaging in intellectual dishonesty by dismissing everything as false and/or misrepresentations of facts," the group proclaimed its decision to act towards reforming the AFP while affirming their continuing concern for the organization and their loyalty to the "democratic ideals enshrined in our Constitution."

By March, a more specific declaration of common aspirations listed nine, including cleansing the AFP of undesirables, promoting a high standard of discipline, welfare, good management of resources, camaraderie; enforcing the merit system, and reorientation of training and education.

## THE BATTLECRY

It was also in March, during the PMA alumni parade and graduation when the group first went public. The members who joined the ceremonies wore t-shirts marked "We Belong" — the group's battlecry — and unfurled a streamer advocating reforms in the AFP. The action was accompanied by the distribution among the guests of a two-page statement entitled "We Belong . . ." stressing that the reforms they seek will be done through legal and peaceful means. Significantly, the document sought to avert possible black propaganda against some of its regulars.

"We realize that we might have been guilty for acts in the past which may have reduced the AFP's efficiency, effectiveness and capacity to be fair. We ourselves might have committed breaches of discipline. By our complacency we may have allowed the situation to deteriorate to its present level.

"We, however, do not seek to condemn past acts. From this time forward, it is our firm resolve to be vigilant and vigorous in condemning those who shall insist in pursuing dissonant and unproductive activities which would damage the integrity and effectiveness of the AFP."

The statement also underscored the members' belief that change can be done only through concerted efforts. "Past experiences have vividly demonstrated the futility of effecting meaningful changes in our present system if initiated by individuals alone. Even the most well-meaning leaders would be doomed to failure in this endeavor with just the half-hearted support of their staff and surrounded by the uninvolved and the uncommitted. They must have the support of a significant portion of their subordinates from the very start."

The "rally" and the manifestos — all picked up by the media — sent shock waves among military circles and offered an already skeptical military-scoring public fodder for speculations. President Marcos directed Defense Minister Juan Ponce Enrile and General

Ramos to establish dialogue with the group, which they did. The meetings resulted in publicly-proclaimed assurances that whatever grievances will be aired shall go through the traditional chain of command, an SOP of the military bureaucracy.

## FUMING MAD

**S**OME generals, however, were reported to be "fuming mad" at what they consider an "act of mutiny" among their subordinates. It was talked about that an intelligence investigation to look into the records of suspected leaders of the movement yielded alleged evidence of their links with subversive groups — an ironic accusation which amused the persons concerned immensely since some of them were responsible for the capture of leading dissidents. "They can't get at the organization so they brand individuals," retorted a colonel who is a movement regular. "That's how a beautiful report is usually done."

Along with the flak from within the military came the mixed reactions from the public. Following the movement's unplanned high profile in media as a result of Minister Enrile's public confirmation of its existence, columns and letters have been written in various publications. Many expressed support while others attempted to dig at the "real story" behind the group's emergence. A weekly publication bannered its report "Coup d'Etat: Balak ng Ilang Opisyal ng AFP" at about the same time that some columnists insinuated that the movement is, in truth, a political chip in support of Enrile's bid for the presidency.

## U.S. CONGRESS

The clamor in the US Congress for immediate reforms in the Philippine military as a precondition for the grant of aid heightened the speculation that REFORM AFP (which is an acronym for Restore Ethics, Fairmindedness, Order, Righteousness and Morale in the AFP) is a US-backed plot to assure that General Ver will not be returned to his post as chief-of-staff, even if he is acquitted by the Sandiganbayan. "Let's face it. No reform movement can prosper without the blessings of the people at the top," an Asian military officer told a newsmen at dinner one day.

The members of the movement, however, strongly deny such accusations. True they have agreed to dialogues with higher level officials — especially their commander-in-chief, the president — but, they explained, they (the dialogues) were not done to court special favors but to stress that reforms need concerted action by people at all levels. "We believe in unity, not divisiveness," they repeat. "We are dangerous only to those who are affected."

### SPECIFIC ISSUES

In a brief conversation with a group of movement regulars after some of their leaders met with President Marcos, they were more specific about their stand on certain issues against them:

#### ON THE DANGER THEY POSE TO THE PRESENT GOVERNMENT:

"This is not an aggressive group. We emphasized to President Marcos that his book (on Filipino ideology) is the touchstone of the movement. (We hope) that he will look at us as a source of strengthening the credibility of the Armed Forces — which is a little bit weak now." "We also wish to assure the public that we are not out to create trouble. *Hindi namin guguhin ang ating bansa*. We're trying to help in our country's recovery in a more natural manner."

**ON MILITARY ABUSES AGAINST CIVILIANS:** "There are two ways of punishing an erring soldier. One is the institutionalized way of punishing. The slower, more painstaking process is self-determination (which we advocate). This is not really something new; it has been done in other services before but this time the difference is that this self-determination is not going to lead to anything foolish or drastic. Perhaps, the public has the impression that since the movement is made up of a group of soldiers, it is so easy to manipulate it into drastic courses of action. If there is anything we are very particular about, it is to avoid that."

**ON US-SUPPORT OF THE MOVEMENT:** "We would like to say that we are not exactly refusing their interest — because they are too powerful to be told not to do anything — but this is a problem that is purely Filipino and we are jealous about our problems, we would like to show that we can solve them ourselves. The reform movement was

never envisioned to be supported from outside. How can you internalize self-respect as an officer if in the end you are just supported from outside? That's compatible. And I think the Americans have enough sense, enough subtlety, enough experience to realize that we are not that kind of group."

"We are not trading reforms for additional aid. *Kung sabihin natin 'alokohan lang ninyo ito*, we will not accept all military aid' okay lang sa aming. Equitable allocation of misery *pa rin*, that's our basic principle. We have been criticizing our superiors for that, for saying that there is no money for equipment. What we are saying is, it should be consistent. If there is no combat equipment in the field, there should be no ostentatious display of wealth in Manila by the same unit commanders."

**ON THE POSSIBILITY OF THEIR STAGING A COUP:** "Being an interest group, we (can't help but be) a political movement. We are conscious of our role as servants of the people in the original sense of service. We are also aware that in many movements that start out as liberal — like the French Revolution, the Bolshevik — in their eagerness to achieve liberalism, they become very repressive. The other thing to watch out for, is if society is suddenly rearranged or dislocated, sometimes the result is worse than what it started out with. And the possibility of a coup falls under that principle — that it should not replace the institutionalized system unnecessarily. (Change) should be done slowly."

"We are not very conscious of a timetable. When do we achieve the AFP we want? Maybe beyond our generation. Nobody can fault us for not starting it. *Pagdating ng panahon ng mga junior officers namin, tatanungin nila — ano ang nagawa ninyo? Nagawa namin yung hindi nagawa ng senior officers namin for the past decades.*"

**ON POSSIBLE COUNTER MEASURES AGAINST THEM:** "That is just what we need. A few people to be persecuted, arrested for wanting reforms in our organization? That's exactly what we need!"

"If they do that, then we'll know we have joined the wrong armed forces."

**ON THEIR BEING IDENTIFIED WITH ENRILE, RAMOS:** "Some of us work with MND and in the staff of General Ramos. We have become a repository of complaints, that's why we're here. We have transcended that kind of (personality-oriented) mentality. If they do something wrong, we will denounce them."

#### MEETINGS

**R**EFORM AFP Movement meetings in Manila take place almost every week. No formal invitations or announcements are issued but everyone in the military is welcome to attend. "We get quite a number of walk-ins who are here from the provinces," one movement regular said.

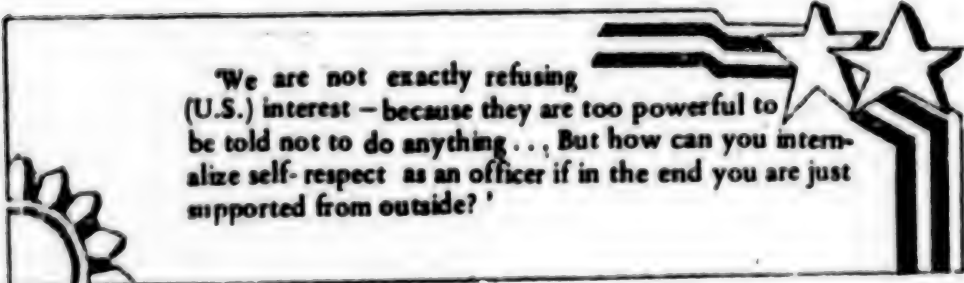
Before they got their extensive media exposure, first-time participants had to undergo a short orientation before they join in the mainstream of discussions. "We explain to them the basic tenets of the movement — an effective, efficient and fair-minded AFP in the service of our people; stress our stand that the AFP has been pushed too far to the right and has become oppressive.

We want to bring it back to the center where it should be."

During the early days and even now, there were a lot of introspective discussions. "We asked ourselves, what does reform mean to me? Am I doing my job properly? Am I being oppressive to the people? Then we went on to discussing current issues, relating them to the role of the AFP as a servant of the people. Always our focal point is 'of the people and for the people.'" "Parahaming charismatic movement," one of them quipped.

Along with what someone termed the "cleansing of our souls," came the dilemmas about obedience to higher authorities, a basic principle of soldiery.

"We analyze each order, ask our officers why we should do it. And if we do it, are we not doing the people a disservice?" From the outside, the movement, which regulars claim has spread to almost all regions, seems to be creating a new kind of soldier, one who questions before he obeys. But this approach also makes it fair game to those who may want to retain the traditional military way of doing things. An army colonel asserted that "We are not violating any AFP regulations, there is nothing illegal about us," but admitted that "it is when the people above us say we are illegal that we become illegal."



"We are not exactly refusing (U.S.) interest — because they are too powerful to be told not to do anything... But how can you internalize self-respect as an officer if in the end you are just supported from outside?"



Political observers note however that so far, the reform movement has "played its cards right." "Nobody in his right mind can publicly refute the group's aspirations. To do so is like admitting you condone corruption. There is no way anyone can ignore the group's existence, because he can be accused of being anti-reforms."

But while the movement has achieved what insiders call "quasi-legitimacy" by the public pronouncements of support it has gotten from President Marcos, Minister Enrile, the commanders of the military's major services and Col. Irwin Ver whose brother's premature promotion is one of the issues presented by the group, members agree that all parties concerned were "just laying the ground rules. The actual battle is yet to begin."

#### NEWSLETTER

**T**O update their members on developments, the movement circulates a mimeographed newsletter called "We Belong," the second issue of which focused on "Greater Tasks Ahead." The document categorized "our fellow officers" who have so far resisted joining the movement into three groups: the isolationists; the impressionists; and the non-committal, shy and previously committed. "We can only hope that sooner or later, through our positive actions, they will realize our sincerity and commitment, and thereafter seek to belong."

The more important discussion centered, however, on the need to expand and formalize the organization through regional and area groups and to strengthen its foundations by means of the internalization of the ideology, operating by consensus and developing core organizers who will lead the local organizations

It summed up its vision of a new order: "Political liberation, economic emancipation and social concord--these are the goals laid out to transform Philippine society making use of the methods of the DRC (democratic revolution from the center). But the AFP, as it is today, will be unable to effectively assist in the attainment of these objectives without undergoing the necessary Reformation process."

What chances does the Reform AFP Movement have in realizing the changes they so sorely want?

"It depends on how far they are willing to go," remarked a university professor. "Even if they are just concentrating on the AFP, the AFP is still part of Philippine society."

A political "mechanic" who sees rough times ahead for the group's leaders because he thinks they have pushed themselves into a "no win" situation by publicly appearing in Malacanang, believes that the movement's chances will be bright if, in the ensuing months, they will match their superiors' cunning with more cunning and "a certain aura of mystery."

And a retired Air Force colonel, who hails the group's objectives but feels uncomfortable about the fact that it fits into the game plan of the Americans, is not too optimistic. "At most, there will be a partial improvement but I'm afraid there are some facets of military operations--like the use of fanatics as paramilitary units in Cotabato--which have become too evil. If they say they want the AFP to be the Army of the Filipino People, they have to understand who the real enemy is. And they have a long way to go."

If the Reform AFP Movement is theater, the curtain has just begun to rise.



PHILIPPINES

DAVAO RUC CHIEF 'MORALLY CONVINCED' OF DETAINEES' GUILT

Quezon City VERITAS in English 30 Jun 85 p 12

[Article: "The General's Pronouncement"]

[Text] Who is the supreme arbiter who can decide who is guilty and who is not?

This question is being asked by so-called cause-oriented groups in Davao City as detainees continue to languish in jail despite court decisions either releasing or acquitting them. The question gains added significance when viewed in the light of a general's moral conviction that some released suspected subversives are actually guilty.

Regional Unified Command Chief Brig. Gen. Dionisio Tan-gatue's letter last April 1 to Jesus G. Dureza, president of the Integrated Bar of the Philippines, Davao Chapter, has been criticized by various sectors. Said Tan-gatue in that letter: "To begin with, I believe it may be necessary to review our position on these cases (human rights cases). I express this need because, despite recent court decisions otherwise, I am morally convinced that some released suspected communist subversives are guilty."

"Is this the reason why they are not yet released, despite court decisions? Because the General is morally convinced they are guilty?" asked a detainee's relative.

Said Silvestre Bello, acting BAYAN MINDANAW Chairman and human rights lawyer in an interview with *Veritas*: "The conviction of the General has no actual legal and factual basis. Even by his own admission, Tan-gatue's statement is based on moral grounds which have no place in matters of detention. If Gen. Tan-gatue could be categorized as a moral person, his main concern should be to see to it that persons who had been languishing in jail without charges having been filed against them or whose cases have been dismissed or terminated or sentence served, should be immediately released

without delay because to imprison a man without any particular cause is basically revolting in a civilized society."

The latest TFD survey reveals that of 163 detainees at the Davao Metrodiscom (reputedly housing the biggest concentration of political prisoners in the country), 112 are classified political prisoners, 20 criminal, and 31 military personnel.

Human rights lawyers Laurente C. Hagan, Antonio B. Arellano and Marcus D. Risonar continue to languish at the Camp Bagong Diwa Detention Center in Bicutan, despite a May 23 Supreme Court order releasing them to the recognizance of their counsels and the IBP Chapter to which they belong. Instead, on May 27, Gen. Tan-gatue filed charges of rebellion against the three in a Regional Trial Court here. And in a recent *Veritas* interview, the General said: "The Supreme Court won in only one point. And that is, we had to file the charges much sooner."

Asked a nun: "If the General can say that about the Supreme Court, I no longer dread what he would say about the lower courts. It seems that his 'moral conviction' carries more weight than the judicial decision." -- COA

PHILIPPINES

GENERALS GROUP URGES GREATER SELF-RELIANCE

HK171423 Manila PHILIPPINES DAILY EXPRESS in English 17 Jul 85 p 6

[Article by Dionisio Pelayo]

[Text] The Association of Generals and Flag Officers [AGFO] urged the government yesterday "to strengthen its self-reliance posture" to avoid the "painful experiences in dealing with supposed friends and allies."

Retired Brig Gen Mariano Ordonez, AGFO president, made the statement in the wake of the reported recommendation for a massive cut by the U.S. Congress in the military component of the compensation package of the RP-U.S. military bases agreement.

Ordonez said that "during the years that we were in active service, we were witnesses to the painful experience of dealing with supposed friends and allies. We should have learned our lessons a long time ago, but we never learn. Now is the time to say to ourselves: We shall fight alone if need be."

The AGFO statement closely followed the call of Defense Minister Juan Ponce Enrile for the abrogation of the RP-U.S. military bases agreement [MBA] if the proposed cuts will take place.

AGFO is an association of 447 active and retired generals and other star-rank officers in the armed forces.

Ordonez said that "the Filipino people possess a very strong character and spirit, and as called for by the situation, they can stand up on their own."

President Reagan recommended \$100 million for the military component and \$95 for the Economic Support Fund [ESF] but the U.S. Congress recommended only \$25 million for the military component and \$155 million for the ESF.

Enrile said he is confident that the Batasan will pass a resolution which he will file, together with several MPs, calling for the abrogation of the RP-U.S. MBA which was signed in 1983.

The next agreement, Enrile said, must spell out in clear terms the arrangement for the payment of the bases rentals.

While the government considers the compensation for use of the bases as "rental," the U.S. considers it as "aid" and thus, the United States can unilaterally change the compensation mix.

Also under the agreement, the U.S. President is only required to use his "best effort" to convince the U.S. Congress and Senate to approve the compensation mix as provided for in the agreement.

A Defense Ministry [MOND] spokesman meantime said the arrival of two U.S. State Department officials "is in the ordinary course of business" and has no connection with the U.S. Congress recommendation for a cut in the military component of the compensation package.

Silvestre Afable Jr., MOND acting public information service chief, also said the arrival of Bruce Thomas and Richter Fisher is "just one of the periodic visits of U.S. State Department personnel who request for briefings by ranking government officials."

CSO: 4200/1239

PHILIPPINES

EDITORIAL SUGGESTS CITIZEN'S COMMITTEE PROBE MARCOS INVESTMENTS

HK161109 Quezon City ANG PAHAYAGANG MALAYA in English 9 Jul 85 p 4

[Editorial: "Probing Those U.S. Investments"]

[Text] As the news on the reported fabulous U.S. investments made by top government officials, including President and Mrs Marcos, spread like wildfire, the crystalizing public sentiment is for a thorough investigation of the truth of the report which first came out in a U.S. newspaper, MERCURY NEWS of San Jose, California, and reprinted in full by MALAYA.

But who will conduct the probe and how?

Unlike in the United States and other democratic countries, there is no government agency, independent from the president, which could undertake such a monumental job. Here, in our country, it is the president who calls all the shots, including the okay of those to be given huge loans by all government banks.

If there were a "blue ribbon" committee in the Batasan which could act on its own and report its findings to the law-making body, then such a committee could inquire into the "economic sabotage" perpetrated by the investing government officials.

But the Batasan, as everybody knows, is under the thumb of Malacanang, two-thirds of its membership beholden, body and soul, to Mr Marcos. By no stretch of the imagination could the president allow the Batasan to investigate him.

Theoretically, the Commission on Audit is empowered to inquire into financial irregularities involving all government officials, including the president, but the COA long ago abdicated its investigative powers and rights, except those affecting middle-level officials and the small fry in the government.

The trouble is that under the form of government evolved by the president during the last 13 years of martial rule, the system of check-and-balance has been intentionally done away with.

One suggestion made is that, perhaps, the people themselves could organize a body to conduct the investigation of those questionable investments in the United States. A group of patriotic lawyers and accountants could go to the

United States, either on their own or financed with public contributions, and undertake the fact-finding inquiry. We are sure such a citizens committee would be helped by fellow Filipinos there as well as by the American press, starting with the MERCURY NEWS.

While the findings of the committee will be private in nature, such findings, if they confirm the MERCURY NEWS report, will create so much public uproar as to force finally the Marcos government to resign.

CSO: 4200/1239

PHILIPPINES

EDITORIAL ON GOVERNMENT ACCOUNTABILITY FOR FOREIGN LOANS

HK180926 Quezon City ANG PAHAYAGANG MALAYA in English 11 Jul 85 p 4

[Editorial: "Part of \$26 Billion Loans Diverted?"]

[Text] Is it not possible that a portion of the huge \$26 billion loans borrowed by the Marcos government went into those scandalous U.S. investments exposed in a well-documented report by the San Jose MERCURY NEWS which was reprinted in toto by MALAYA?

We are aware that in those Central and South American countries, such as Argentina, Brazil, Chile and Nicaragua, all saddled--like Philippines--with huge foreign debts, most of their borrowings were diverted to the private accounts of the military dictators and their relatives and cronies.

We fear that the same may have happened to our unhappy country.

In the Philippines, there have been many cases of government checks and treasury warrants finding their way to the personal bank accounts of crooked government personnel. Checks covering income tax payments of the biggest business enterprises and payable to the BIR [Bureau of Internal Revenue] have also been credited to the accounts of thieving private individuals.

This could have happened to the loan proceeds from the IMF, the World Bank and the 483 private banks from all over the world. To the crooked, checks payable to the Republic of the Philippines, through devious means, could have been channeled to the private pockets of those in authority.

Bank records can easily be manipulated. Only two years ago, the Central Bank found itself in an embarrassing position when it was discovered that the record of foreign exchange reserves was over-inflated to the amount of \$600-million. This was during the time of Central Bank Gov Jaime Laya. Mr Marcos ordered an inquiry but, as expected, nothing came out of it. It was pure palabas. [showy display].



No wonder, the government has, until now, refused to make an accounting of all those \$26-billion loans. MALAYA and all business groups have repeatedly called for a statement detailing how the money was spent, but the government has never responded to the call. Its failure to do so could only be interpreted to mean that the loans were not utilized properly.

There are many things that the Marcos government should account for—but cannot. This is the reason why its word cannot be depended upon anymore. It has lost its credibility among the people.

CSO: 4200/1239

PHILIPPINES

MANILA PAPER REVIEWS OVERSEAS INVESTMENT ISSUE

HK160847 Manila BUSINESS DAY in English 15 Jul 85 pp 5, 14

[Article by Marites Danguilan-Vitug]

[Text] President Marcos has broken his silence over the billion-dollar overseas investments scandal by ordering his minister of justice to conduct an investigation that analysts see as an attempt by the president to "wriggle out" of the problem and turn the issue around in his favor. By ordering the probe to "spare no (guilty) one," Marcos has shielded himself from the adverse consequences of the financial scandal, so this argument goes.

Over at the opposition front, meanwhile, moderate political groups are clamoring for an independent investigating body and the resignation of Marcos. The left on the other hand is acting "with caution" lest the issue remain simply one of graft and corruption.

There has been a perceptible change of mood in the Palace from a fighting stance to one of accommodation. The filing of libel suits against the publications that wrote or reprinted the SAN JOSE MERCURY NEWS reports by presidential friend Antonio Floirendo was interpreted by many to be a Palace-instigated move.

As one former Cabinet minister said in private, "He (Floirendo) will not do this without the blessing of the president."

Marcos follows these libel suits with a probe from which he distances and absolves himself but opens up his men for scrutiny. He "wants to disarm" the people and the U.S. Government, banker and government critic Mariano Miranda observed, by showing that he is for reforms.

"He (Marcos) is telling the United States he is facing the music," Miranda said.

(The recent rejection by the U.S. House of Representatives of an increase in military aid to the country conveyed a strong message to Marcos to liberalize and institute political, economic and military reforms.)

Observers also foresee the probe will not be limited to those named by the SAN JOSE MERCURY NEWS reports but may include oppositionists as well:

Some read Marcos' order for an investigation as a way to buy time until the issue loses steam after which public anger will mellow and interest wane.

Businessman Jaime Ongpin has a pessimistic view of the probe: "Marcos can assume full control of the investigation. The solicitor general can delay action on it, he may not even act on it at all."

The issue of foreign investments by top public officials is a bread-and-butter issue; many agree that it is the second biggest issue against the Marcos government, next to the Aquino assassination.

It is an issue that the opposition could make big political capital of. The opposition has used it in various ways but its efforts still fall short of effective unified action. Political parties have issued statements of outrage, keeping the issue alive in the media.

The Batasang Pambansa is in recess and opposition members of parliament have not yet met to discuss a plan of action, or their floor strategy when the sessions start next week. Several individual moves have already been taken, though.

MP Homobono Adaza has started a campaign to collect a million signatures for a petition calling for the president's resignation. Some have urged the creation of a Batasan bipartisan committee to conduct an investigation.

Others like MPs Emigdio Tanjuatco and Antonio Cuenco, together with various civic and businessmen's groups, have called for the creation of an independent probe body. Cuenco has said: "The (Estelito) Mendoza fishnet will catch only the small ones."

There has also been a move to impeach Marcos and file a no-confidence vote against Finance Minister Cesar Virata.

"All these, on the surface, appear disjointed. But they will soon jell..." Tanjuatco said. Others think it is best to have protest actions on all fronts.

While the Batasan moves are welcome, businessman Firmo Tripon, Bayan (Bagong Alyansang Makabayan) [New Nationalist Alliance] Manila Official, said they will not lead to effective results. The Batasan is dominated by the KBL and the opposition could only go as far as making it their forum for protest.

"The people will have to carry this through," Tripon added.

In the streets, ACRONYM or the anti-cronyism movement formed by professionals and businessmen, is spearheading pickets and other protest actions on a limited scale, carrying the "Marcos Resign" call.

The Left has not yet joined in the "Marcos Resign" movement, which it views as "unrealistic" but still a positive step.

A priest in an ACRONYM forum last week saw the inadequacy of the "Marcos Resign" call: "It is not enough to say I'm sorry and resign."

PDP-LABAN chairman Aquilino Pimentel shares a similar view. He told BUSINESS DAY: "Because of the insensitivity of Marcos and his officials, it is futile to expect them to resign. We should instead get the people organized to protect themselves and secure their human rights in the face of continuing repression..."

The debate on the "Marcos Resign" issue goes back to 1983, during the post-Aquino assassination period. J. V. Bautista, Bayan official, recalled that "it proved to be inadequate as a tactic." He said it grants the president "too much faith."

To others, however, the cry serves as a rallying point to get people back into the streets.

The "Marcos Resign" call was abandoned by the cause-oriented groups in 1983. "It is a retrogression if we go back to the same call," Bautista said.

The Left is approaching the issue of "unexplained wealth" with caution as they do not want it "mishandled." That is, it should not be explained as just a crime of excess by government officials and the demand should not be limited to Marcos' resignation.

To the Left, ill-gotten wealth or corruption is not the real issue but is only "symptomatic" of defects in the system. Bautista said Bayan will popularize the issue but related it to the structural problems in the system which have allowed this to happen.

In the Bayan drawing board are a march to Mendiola, a people's court to give sentences to those who are guilty, and possibly a "Welgang Bayan" in Mindanao.

What is also delaying a quick decision from the Left is the suspicion that the U.S. Government may be deliberately raising the issue of corruption, making it appear to be the principal issue in the economic crisis. Bautista said this will "misdirect" the attention of the people from the root of the problem, the "U.S.-Marcos dictatorship."

While the Left has no conclusive proof on the U.S. connection, Bautista said, they see the issue of ill-gotten wealth as "falling into the game plan" of the United States which is to pressure Marcos and his cronies not to monopolize power and wealth and to liberalize.

Another purported indication of U.S. involvement is the Pentagon's probe into contractors supplying military equipment to the country and their ties to local officials. This news report came in the heels of the SAN JOSE MERCURY NEWS report on top Filipino officials' huge investments in the United States.

The same California paper reported that there have been "pricing irregularities" in the sale of a network of strategic microwave stations by the firm Amworld, Inc. to the AFP [Armed Forces of the Philippines]. The same report said the U.S. Defense Criminal Investigation Service investigators sought information on links between companies supplying equipment to the AFP and General Ver.

This is seen as a move to embarrass Ver, who is likely to be reinstated as AFP chief of staff, and to put pressure on Marcos not to do this. United States officials have consistently shown their preference for Ramos.

Whoever or whatever it is that blew the lid on these U.S. investments, the fact remains that the 20-year rule of Marcos has hit rock bottom with this financial scandal.

CSO: 4200/1239

PHILIPPINES

GROUPS CALL FOR OVERSEAS PROPERTY PROBE

HK181439 Hong Kong AFP in English 1304 GMT 18 Jul 85

[Text] Manila, 18 Jul (AFP)--A wide cross-section of Philippine society today sought a "full and public investigation" of alleged hidden wealth abroad of President Ferdinand Marcos, his wife Imelda and other officials.

In a full-page advertisement in two newspapers here, 14 groups of professionals, lawyers, church leaders and businessmen urged the government to create an independent panel to look into the property scandal.

The scandal was triggered by an expose by the San Jose MERCURY NEWS of California, which listed alleged U.S. properties of prominent Filipinos.

The statement today said "It is incumbent upon the government" to undertake a "full and public investigation of these reported overseas investments, through an independent panel, and not by any cabinet member who may be deemed an alter ego of the president under our administrative law."

The appeal was made a week after Mr Marcos ordered Justice Minister Estelito Mendoza to investigate the expose, which listed two cabinet ministers and businessmen "cronies" of the president among the property owners.

The statement said the U.S. daily's report, reprinted extensively by the local opposition press, had become "a serious matter of public concern, particularly at a time of extreme economic and financial difficulty in the country."

The groups said they were concerned with the legality and morality of the alleged investments since "it is the dissipation of the country's foreign exchange resources which has led to the present economic difficulties which now demand the sacrifice of everyone."

The Philippine economy contracted by at least 5.5 percent in 1984, when the country's worst economic crisis since World War II unfolded.

"Decisive action on the part of the government is essential if it is to earn the people's cooperation in the task of national recovery," the statement said.



Nine business and professional groups based in the financial district of Makati launched last week a coalition called the Anti-Cronyism Movement (ACRONYM) protesting the so-called "unexplained wealth."

The opposition also began circulating copies of a petition which they said was expected to get more than 1 million Filipino signatories demanding Mr Marcos' resignation.

Opposition members of parliament are set to begin impeachment proceedings against Mr Marcos for "economic sabotage" when the national assembly convenes on Monday.

They filed last week a motion for a vote of no confidence against Prime Minister Cesar Virata and the two cabinet members.

Mr Mendoza today asked two cabinet ministers and six other people named by the report to answer the allegations and to submit to him all details of their questioned property acquisitions, a television station reported.

GMA 7 television said the order was directed to Defense Minister Juan Ponce Enrile, Energy Minister Geronimo Velasco, Makati Town Mayor Nemesio Yabut, and businessmen Roberto Benedicto, Eduardo Cojuangco, Jose Campos, Herminio Disini, and Antonio Floirendo.

The report could not be independently confirmed.

Mr Enrile has admitted owning a condominium in the United States, but said he bought it when the Philippine economy was in a better shape. Mr Velasco, who offered to resign over the scandal but was later prevailed upon to stay by Mr Marcos, has denied it.

Mr Mendoza also said he may also ask local papers which reprinted the story to turn over to him other details that they may have on the issue, the station added.

CSO: 4200/1239

PHILIPPINES

NATIONAL POWER CORPORATION ANNUAL REPORT SHOWS DEFICIT

HK181027 Quezon City ANG PAHAYAGANG MALAYA in English 16 Jul 85 p 7

[Text] The National Power Corp. (NPC), once the country's top revenue earner, is in a deep financial rut. It sought P1.4 billion emergency advance from the government and decreased its fuel oil inventory by P900 million to finance a P2.4 billion capital deficit, NPC President Gabriel Y. Itchon said in the 1984 annual report released yesterday.

The 1984 budget deficit is 71 percent more than the P1.4 [as printed] shortfall in 1983 despite the two-thirds increase in net income to P1.07 billion and the 132 percent growth in international cash generation to P1.7 billion, Itchon said.

The deficit widened because most of NPC's funds were tied up to ambitious capital-intensive projects, including the controversial nuclear power plant.

For this year, Itchon said the NPC should raise \$100 million in foreign loans to finance the expected shortfall of the \$142 worth [as published] of foreign exchange funding of current investments, on top of the P1.4 billion scheduled payment of the government's emergency advance.

The problem, however, is that foreign banks have stopped extending new project loans to NPC except those guaranteed by the United States Eximbank soon after the 1983 payments moratorium on the country's \$27 billion foreign debts.

NPC has also incurred long-term loans of P58.26 billion, of which P4.5 billion falls due this year. But it does not know how to pay these maturing loans as foreign banks have canceled the \$67 million project loans previously committed to NPC.

Itchon explained the capital shortfall is partly the result of the continued construction of alternative power projects aimed to save on dollars spent for oil importation.

But project construction was derailed by the prolonged negotiations for foreign funding and the "unexpected twist in the IMF standby agreement in 1984," Itchon added.

Itchon also reported that the NPC's interest expenses reached P2.7 billion last year, a 148-percent increase from 1983. Of the interest expense, P.3 billion was paid for the cost of money used to place additional plants into commercial operations. An additional P.7 billion was traced to the depreciated peso.

Another P.2 billion went to cover the increase in peso interest rates on oil supply credits from the 16 percent average in 1983 to 27 percent last year, while the rest of the interest expense increase was caused by the bigger volume of unpaid fuel accounts, Itchon explained.

CSO: 4200/1239

PHILIPPINES

AQUINO'S WIDOW SEEKS TO AID WORKERS IN NEGROS

HK171557 Hong Kong AFP in English 1058 GMT 17 Jul 85

[Text] Manila, 17 Jul (AFP)—Slain Philippine opposition leader Benigno Aquino's widow today launched a fund-raising drive to help feed hunger-stricken workers of the country's ailing sugar industry.

Mrs Aquino asked some 200 wealthy women at a gathering in the Makati financial district to contribute 1,000 pesos (54 dollars) each to help fund a "feeding program" for sugar workers and their families on Negros Island.

Negros, the country's sugar-growing center, has been hard hit by a slump in production and world prices.

Mrs Aquino said she was moved by calls for massive food aid by Bacolod City Roman Catholic Bishop Antonio Fortich, who has said some 400,000 people were starving on the island.

She said her goal was to raise a total of 1 million pesos (54,000 dollars) to help private relief agencies which she said needed 55.4 million pesos (3 million dollars) to provide each of the 400,000 people with a meal a day to survive the next few months.

She said the fund would be put into a bank account and would be released to private and church-run agencies doing relief work in the island.

Mrs Aquino, 52, told the women's gathering the fund-raising campaign was the "number one project" to commemorate the second anniversary of her husband's murder at Manila Airport on 21 August 1983, on his return from self-exile in the United States.

Last year she raised donations of foodstuffs for political prisoners to commemorate the first anniversary of her husband's death.

According to the Labor Ministry, at least 250,000 plantation and mill workers of Negros, which contributes 57 percent of the country's 2.3 million tonne sugar production, are out of work from May until the start of the cropping year in October.

The situation was partly due to low world sugar prices of three U.S. cents a pound compared to local production costs of 12 to 13 cents, but "to ascribe all problems to the world market would be too simplistic," Mrs Aquino said.

She said she was convinced that "mismanagement by the (government's) sugar authority" was mostly to blame.

CSO: 4200/1239

PHILIPPINES

WEEKLY ON STRENGTH, SUPPORT FOR 3-DAY BATAAN STRIKE

Confrontation With Reactor Opponents

Makati MR. & MS. in English 28 Jun-4 Jul 85 pp 5-9

[Article by J. R. Alibutud: "'Green Politics' Thrives in the Rain"]

[Text]

**M**INDANAO and the Cordilleras may hog the headlines with all its sensational ambushes and voluble insurgents but it is likely that the seldom spoken-about province of Bataan may prove to be as much of a headache to the government of President Marcos.

A three-day *Welgang Bayan* or people's strike staged last June 18-20 paralyzed seven out of 12 towns in Bataan. It was in support of a province-wide protest against the start-up of operations of the nuclear power plant in Morong.

Barricades were set up in Orani, blocking four major streets in front of the Catholic church, and in Barangay Panilao in Pilar rendering the Espada junction with its three

major streets useless.

Stores and schools were closed and an unofficial holiday was declared for three days in Bataan. "Now we do not have to wait for a presidential order to declare a holiday in Bataan," one exuberant striker claimed.

Buses refused to ply their route and persistent efforts of a broadcast mediaman to buy rubber sandals to replace his rainsoaked shoes were met with polite refusals by store-owners saying that they were in solidarity with the strikers.

Just as support came pouring in for the strikers the rain never really stopped in the three days of the barricade. The sky remained overcast throughout. Eating and sleeping on the wet pavement in soaked clothes and biting winds for three days is no picnic. But the determination to see things through shone in the strikers' eyes even as



fellow strikers were felled by hypothermia and severe chills.

Work at the Bataan Export Processing Zone (BEPZ) was crippled by a strike declared by 6,000 of its workers. But only about 2,000 of them made it to Pilar over 30 kilometers away marching in the driving rain. A motorcade from Manila and neighboring provinces stopped in Orani to bolster the local strikers.

It was early in the morning of June 19, Wednesday, that the barricades were set up in the Espada junction in Pilar. It was 5:45 a.m. An hour 20 minutes later a B-150 Chemite tank belonging to RECOM 3 and under the command of Col. Jose Andaya, Bataan Provincial Commander, rammed through the barricade.

It was a miracle that no one was seriously hurt. The Chemite moved jerkily and for a while there it seemed that someone was caught under the wheel of the armored car.

Curses rang out from the demonstrators' ranks. Short and very crisp ones. An old lady shouted, "*Andaya, may konsyensya ka ba?*" (Do you have a conscience?).

Andaya arrived at 6:47 and promptly announced that the strikers had five minutes in which to disperse. He brushed aside the negotiating panel saying that they were only to delay any action by the authorities.

After another five minutes extension, Andaya gave the order for the Chemite to ram through the barricade. After the Chemite entered the barricade area, Andaya's jeep tried to follow suit but was bodily stopped by the barricade.

The strikers did not shout any slogans during and after the ramming incidents. They were just plain angry. State terror was too real.

In the end, Andaya made a compromise, "If you will not allow us to proceed, we will not allow you to march," which was right up the strikers' alley for they just wanted to stay put and just make the march the next day. And so for a while the demonstrators only had to worry about the rain.

"Green politics" is the term that Dr. Francisco Arcellana uses to describe the Welgang Bayan.

"This is non-partisan politics." Arcellana denounces the government for its ineptness and misprioritization when it approved the nuclear plant. "We have no money for schools but we have for nuclear plants. We cannot get rid of the nuclear garbage or take care of the plant workers. Our people can't even run tomato paste plants properly!"

Feeding the strikers was no problem as each household in the area provided four or five meals in plastic bags three times a day. And homeowners in the area kindly allowed the use of their toilet to the rallyists.

It was quite a different story the next day as the strikers prepared to march into the capital town of Balanga to hold a rally. Riot police still had a barricade of their own. Amidst the biting wind and the cold rain, tempers were beginning to flare.

Emboldened by their swelling numbers, the strikers marched up their "composite" group, people who said they were ready to sacrifice themselves, and began shouting slogans. The military in turn brought in paratroopers to beef up their forces. The troopers fanned out and into several homes in the area saying that they were looking for NPA snipers.

It was early in the afternoon when the rain poured to near-zero visibility that three rocks followed by a bottle flew from the strikers' ranks onto the riot police. The

bottle seemed to be in slow motion as all the while people were thinking this is it they are going to fire as the soldiers cocked their M-16 rifles and assumed combat positions.

For ten tense seconds both waited for each side to make another move. Then Leandro Alejandro put himself in front of the troops and asked them not to fire.

When he saw that rifle barrels were pointed at them, even the rally-hardened Alejandro succumbed to the tension as he began biting his fingernails.

But both sides kept their heads and later Col. Andaya allowed the marchers through at two military checkpoints at Pilar and at Barangay Tuyo, Balanga after inspection by military and civilian government officials led by Vice Mayor Asuncion Samson of Pilar.

A farmer, Carlos Melchor, was caught with an iron bar in his knapsack and was detained by the military, but after a few hours he was released when around 12,000 rallyists refused to move from Bgy. Tuyo unless he was set free.

The three-day mass action ended with an all-night long rally at the Balanga Provincial Capitol grounds. Tired, cold, exhausted and wet, the rallyists said that their greatest fear now is that they may become victims of military snatchings which has become commonplace after mass actions in Bataan.

"We know that whatever we do, the government will still push through with the operation of the plant. We are here to show to ourselves the strength of our collective action and the determination of the people of Bataan," a rally leader said.

With the rallyists planning even more mass actions in the future, Mr. Marcos' headache in Bataan could likely turn into a migraine.

Columnist on Opposition to Reactor

Makati MR. & MS. in English 28 Jun-4 Jul 85 pp 37-38

[Article by Maximo V. Soliven in "The Last Word"]

[Excerpt]

**U**NLESS our government officials are completely thick-skulled, insensate and blinded by arrogance, they must take heed of the message delivered to them by last week's "*welga ng bayan*", the angry but non-violent march by 20,000 anti-nuclear plant protesters which paralyzed Bataan for more than two days. It's easy to dismiss this mass demonstration as the work of agitators, but the truth is that the people are trying to make themselves heard. They don't want this nuclear plant the government is stubbornly trying to ram down their throats. So what if more than \$2-billion was squandered on this ticking time-bomb? If we can't afford to give it away, let's sell it at a loss to some country with enough technological skill to handle it. You don't create a nuclear scientist or engineer overnight, even with on-the-job training.

Would the benefits from the Bataan nuclear power plant outweigh the dangers arising from its start-up and operation? That's a simple, unemotional question. MP Alberto G. Romulo (UNIDO, Quezon City) has been trying to tell all of us the answer to that one in reasonable language that only a mathematical nitwit can fail to understand.

He points out that the nuclear plant's contribution to meeting total energy requirements would not exceed 3.27 per cent for 1985. For such a tiny share, ₱18.465 billion out of total power development expenditures (or 43 per cent of 1973-1983 expenditures) was lavished on the nuclear power plant. On the other hand, only ₱15.878 billion was spent during the same period for other energy sources (hydro, geothermal, coal and non-conventional) or 36 per cent of 1973-83 expenditures. In short, the government spent 43 per cent of its power development funds on the nuclear project to supply only three to four per cent of our energy requirements for 1985-1995, while 36 per cent was spent on our local energy sources to supply 46 to 54 per cent of energy requirements for the same period. Wouldn't you say that money was thrown away unnecessarily on the nuclear power scheme?

THE *Kilusang ng mga Siyentipikong Pilipino*

(KSP) or Filipino Scientists Movement has long been arguing that we haven't even scratched the surface of our local energy sources — geothermal, coal, hydro, etc. These sources are abundant, renewable, inexhaustible — and *safe*. Hardly any foreign exchange is involved, hence no foreign dependence (whether on imported oil or uranium).

Romulo notes that the Philippines is now the second top producer of geothermal energy in the world, having overtaken Italy among other countries.

When and if that Bataan nuclear plant starts up, our power and electric bills will shoot up. Let's face it. In the Luzon grid today, tapping only geothermal, hydroelectric and oil-based sources, our bill averages ₱0.4094/KWH (meaning "per kilowatt hour"). Averaging the Philippines "overall", this would come to only ₱0.3969/KWH. Once the nuclear plant starts operating, at 35 per cent capacity factor we would be paying ₱3.50 per kilowatt hour. At 55 per cent capacity factor, we would be paying ₱2.50 per kilowatt hour. At 70 per cent capacity factor, this would come to ₱1.80 per kilowatt hour. What a big jump in costs!

Government boosters of the nuclear plant claim that the Bataan plant can attain a 70 per cent capacity factor. But the Japanese only achieve a 35 to 37 per cent factor in their nuclear plants, and the best they have been able to attain in the U.S. is 55 per cent.

Let's admit it once and for all. We're looking at a white elephant with a limitless appetite for money that will send all of us, the long-suffering consuming public, to the poorhouse. If we're not there already.

PHILIPPINES

SHORT-TERM TREASURY BILLS PHASED OUT

Manila BULLETIN TODAY in English 21 Jun 85 p 21

[Text]

The government has phased out short-term treasury bill issues in a move to further scale down the level of borrowings outstanding and ease pressure on interest rates.

Dropped were issues with maturities of less than 200 days.

Since last week, T-bills sold carried maturities of only between 214 to 364 days.

Yesterday, such issues offered a gross yield of 31.5 percent in the primary market, approximating the yield offered by Central Bank bills for the same maturity.

The effective yield is thus estimated at between 25 to 26 percent for both treasury and CB bills with maturities of 7 to 12 months.

The CB bills still offer maturities of as short as 32 days but the minimum ceiling of P200,000 per purchase has not changed.

Securities analysts said that the move was a major indication that monetary authorities were gradually releasing pressure on the financial system that have kept lending rates at abnormally high levels.

The prevailing rates of government securities are no longer as attractive as they used to be when they hit as high as 43 percent.

Some bankers feel that with government securities rates down to the low 20s, it would be relatively easy for banks to match their yield and lure back deposits that had been withdrawn to purchase treasury and CB bills.

Monetary authorities have already targetted a range of 22 to 25 percent for lending rates by the fourth quarter through corresponding decreases in yield and issues of government securities.

PHILIPPINES

LENDERS HOLD BACK FROM PAPER FIRM'S MODERNIZATION

Quezon City ANG PAHAYAGANG MALAYA in English 23 Jun 85 p 7

[Article by Ma. Rosa Ocampo]

[Text]

The plant modernization program of the Paper Industries Corp. of the Philippines (PICOP) is being held back by the uncertainties of loan negotiations with foreign lenders.

Industry sources told *Malaya* the Philippine government has not firmed up loan negotiations with prospective Japanese lenders who have included in their lending terms "the analysis of the entity's capability to pay."

PICOP could not repay its loans without the backing of the government as it posted a P223.9 million net loss last year or 6.8 per cent higher than the P209.7 million net loss in 1983.

PICOP is also in the process of negotiating for the payment rescheduling of \$44.1 million foreign loans maturing between 1984 and 1983.

Sources said foreign loans for PICOP's modernization program may come from the Overseas Economic Co-operation Fund (OECF) or the Japan International Cooperation Agency (JICA).

They added the government has also included PICOP in the list of ten projects seeking the \$340 million Japan Exim-bank financing.

Sources said the government has failed to come to terms with the strict conditions

being asked of Japan. It also wants lower interest rates and if possible, to do away with the peso counterpart fund requirements which the NDC could not meet.

PICOP's modernization program is needed to reduce the operating costs and increase the capacity utilization of its over 15 year-old plants.

The program would also improve the operating efficiency and the paper quality produced by PICOP.

Included in the modernization program are the Mindanao-based manufacturing plants, the major pulp and paper mill machinery and logging equipment.

CSO: 4200/1223



PHILIPPINES

MAKATI LABOR SCENE DESCRIBED AS 'TINDERBOX'

Quezon City ANG PAHAYAGANG MALAYA in English 23 Jun 85 p 2

[Article: "Makati Labor Front--A Tinderbox Situation?"]

[Text]

Makati, the country's foremost business district, is facing a growing "tinderbox situation" following a rash of violent, labor-related incidents over the weekend in three separate strike fronts.

Striking members of the Supergarments Workers Union, the American Hospital Supply Employees' Union, and the National Union of Workers in Hotel, Restaurant and Allied Services -Ling Nam chapter have one thing in common: their picketlines were scenes of violent incidents where some 30 unionists were hurt.

These unions are also fighting for the same objectives: The reinstatement of suspended or terminated members, recognition of workers' union, implementation of salary hikes and other benefits, a stop to harassment and union-busting by management.

Luna Eugenio, president of the TUPAS-affiliated Supregarments Workers union, told *Malaya* that 17 members, mostly women, were hurt when security guards, armed with shotguns, handguns, truncheons, attacked the barricaded entrance of the company's warehouse in

Pasong Tamo last Wednesday night.

Bent on breaking the human barricade set up by some members of the 226-strong union, the guards maliciously touched the sensitive parts of the women strikers' bodies, Eugenio said.

The guards even poked electrified truncheons at male union members, according to Eugenio, adding that the flooded portion of the cemented entrance was also electrified. The grounded portion of the entrance sent minor electric shocks to most of the arm-linked unionists.

She said some of those in the barricade were hit by stones allegedly thrown by other security guards.

Rufino Ducay, area coordinator of TUPAS, said the union is demanding for the implementation of Wage Order 4 and 6, the reinstatement of 12 illegally suspended union members, and the resolution of the petition for certification election filed before the labor ministry.

Ducay also decried the "dilatatory tactics" employed by management to stall the union's petition at the labor

ministry. He said due to a petition to intervene filed by PAFLU-TUCP, the resolution of the petition for certification election has not been acted upon because PAFLU's representative failed to attend a single hearing.

Ducay and Eugenio, however, expressed apprehension over the continued threats and harassment applied by the security guards of Supergarments Manufacturing Corporation.

Both said the corporation, manufacturer of shirts and underwear with foreign labels such as YSL, Oleg Cassini, Christian Dior, Teenform, and Maidenform, is a sister company of Rustan's Department Store.

Over at the Makati commercial center, some 20 policemen from the Southern Police District (SPD) peacefully dispersed yesterday picketing members of the NUWHRAIN-Ling Nam chapter.

Honesto Latoga, union president, said the SPD operatives are imposing a recent Supreme Court restraining order which prohibits stationary pickets, man-made blockades and other obstructions.

Latoga denounced the mauling of a member, identified as Jose Panganiban, last Thursday by Rey Rufino, president of the management-inclined union.

Panganiban was reportedly cautioning Rufino not to remove the placards near the establishment's entrance. But Rufino got irked and immediately threw punches, flooring Panganiban flat on his stomach.

PHILIPPINES

INDUSTRIALIST LINKS POOR EXPORTS TO 'UNREALISTIC' DOLLAR-PESO RATE

Manila PHILIPPINES DAILY EXPRESS in English 27 Jun 85 p 8

[Article by Arleen C. Chipongian]

[Text]

THE "unrealistic" peso-dollar exchange rate was blamed yesterday as the main reason for the continued anemic performance of the export sector.

Industrialist Raul Concepcion, president of the Concepcion Industries Inc. (CII), said the export sector has suffered a sharp cut in earnings this year because of several negative factors.

He said that because of the setback, the export sector could no longer be relied upon as a pillar in the country's economic recovery program.

Another major reason for the exports setback were the labor strikes which have paralyzed the operations of many export companies.

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CONCEPCION said with setback in the export sector, the government should draw up a "fallback" program to attain the goals of the economic program.

These fallback measures should include the retraining of skilled workers for "export" to foreign countries, self-sufficiency in food and agriculture to further cut down imports and save foreign exchange and, the promotion of tourism, Concepcion said in a forum with the Economic Journalists Association of the Philippines (EJAP).

Concepcion said in the first four months this year, export earnings dropped to \$1.536 billion, 8.68-percent less compared to \$1.68 billion in the same period in 1984.

The main reason for the poor performance was the "unrealistic" peso-dollar exchange rate that has discouraged exporters to sustain their operations.

Yesterday, the exchange rate was P18.459 to \$1, slightly better than the previous day's P18.462, which means exporters were getting less pesos for every \$1 of export sales.

WITH THE slowdown in export earnings, Concepcion forecast that the economy will continue to contract this year. "By year-end, there will be zero growth for the economy," was Concepcion's most optimistic assessment.

He said, the only way to bolster export industries was to extend to them a favorable exchange rate.

Concepcion reiterated his earlier projections that in the next six months, the exchange rate would be at P20.50 to \$1.

The industry leader also said that domestic-oriented industries are projected to grow by one-to-five percent in the next six months of 1985.

However, he added, the favorable performance would be wiped out by the reverses in the first six months this year.

CSO: 4200/1243

PHILIPPINES

FINANCIAL RESCUE PACKAGE BEGINNING IN AUGUST AT EARLIEST

HK101503 Manila BUSINESS DAY in English 10 Jul 85 p 3

[Article by Rigoberto D. Tiglao]

[Text] The financial rescue package the country's creditor banks have agreed to extend to the Philippines can be implemented, at the earliest, only by late August because of the agreement's conditions involving the release of the International Monetary Fund's (IMF) second credit tranche and the payment of interest arrears to foreign banks.

Sources in the international banking community explained that the agreement for the \$925-million new commercial loan to the country stipulates that the Philippines must first draw on the second tranche of the IMF's standby credit facility before the bank-creditors can release the first \$400 million of the new money facility. The implementation of the \$3-billion revolving trade facility, on the other hand, requires that the Philippines first draws on the new money facility.

But the country is now expected to draw on the IMF's second credit tranche by August at the earliest. This is because the IMF staff mission now in Manila to undertake the so-called "article IV consultations" with the government can finish its assessment of Philippine economic policies only this week and it would require about two weeks before it can submit its recommendations to the IMF executive board which in turn will require another two weeks before it can act on the recommendations.

The foreign banking sources emphasized that this projection assumes that the IMF staff mission and the country's monetary officials will be able to settle the issue over the peso's exchange rate soon. However, there are indications that an agreement over the government's exchange rate policies may not be easily reached, with the CB [Central Bank] reportedly refusing the mission's preliminary recommendations for a depreciation of the peso.

A major factor that may also delay the implementation of the new money and revolving trade facilities is the agreement's condition that before the country can make its first drawdown on the new commercial loan, it must first settle its interest arrears with its creditor banks. The condition requires

that all interest arrears must be kept "on a current basis" which means that all interest must be paid as soon as they fall due.

However, the CB so far has stuck to its policy, made in late 1983 when the moratorium on debt repayments started, of delaying interest payments by about 75 days. A ranking CB official yesterday told BUSINESS DAY that the country at present is behind its interest payments by about two months.

What makes the situation even more difficult is the fact that the CB cannot settle the interest arrears within a period of only a few weeks without prompting speculation in the foreign exchange market.

The CB would have to stagger its schedule for settling the interest arrears, which has been estimated to amount to about \$250 million. If the CB allows the settlement of the arrears soon, the sources estimated, it is possible to "orderly" settle all of them by late August.

Another factor that could delay the implementation of the financial rescue package is the "technical" requirement that manufacturers Hanover and Trust Co. (Mantrust), the agent for the new commercial loan, have to verify that all interest arrears have been settled. It would then have to make a "telex confirmation" to all of the over 400 creditor banks that the CB has complied with all of the conditions required for the release of the first tranche of the new money facility.

The bottom line is that the revolving trade facility, which the government has been hoping will provide import financing and thus prompt some economic growth this year, can be made running full-blast only in the last quarter of the year. With this late start, it will not be able to arrest a decline in the country's gross national product (GNP) for the year.

CSO: 4200/1206

PHILIPPINES

ECONOMISTS PREDICT GNP WILL DROP BY 2.75 PERCENT

HK101505 Manila BUSINESS DAY in English 10 Jul 85 p 2

[Text] A group of private economists has estimated that the Philippines will continue to experience negative growth this year, with the gross national product (GNP) declining by 2.75 percent as a result of economic constraints imposed by the International Monetary Fund (IMF).

In a semestral macroeconomic model prepared for the Philippine Institute for Development Studies (PIDS), Manuel Montes, assistant professor at the University of the Philippines, said the weakness of aggregate demand would prevent positive GNP growth in 1985 under even the most optimistic assumptions.

The macroeconomic model was presented last month in a panel discussion of the Philippine Economic Society (PES) on the "Economic Outlook for the Philippines for 1985 and 1986."

PES economists noted that the new money facility which is expected to be operational by late July or early August this year will not be able to adequately stimulate the domestic market in the next six months to offset the downtrend registered in the first semester this year.

The group added that the full effect of the market-stimulating measures may be felt only in 1986, assuming that the favorable trends in the interest, inflation and foreign exchange rates continue.

Various economists noted that while the inflation, interest and foreign exchange rates, which exert significant influence on the market, have been exhibiting favorable trends recently, there were still other factors observed in the first quarter of 1985 that indicated that it would be difficult for the Philippine economy to fully recover this year.

For instance, the economists cited the continued deficits in the country's merchandise and non-merchandise trade, indicating the weak demand for Philippine goods and services abroad.

The compression of the domestic market brought about by the decline in government expenditures also continued in the first quarter.



A third factor observed by economists during the first three months was the continued decline of such market indicators as investments, government consumption expenditures and personal consumption expenditures.

During the 1983 balance of payments (BOP) crisis, economists said the Philippines suffered severe "supply shocks" caused by the government and the country's foreign creditors. These "supply shocks" included: the Central Bank's raising of domestic interest rates; the shutdown of trade credits; and the successive devaluations of the peso.

All of these resulted in increased production costs, reduction of raw material inputs and massive labor layoffs which ultimately induced a sudden decline in aggregate demand.

Economists noted that it is still unclear whether the reopening of trade credits will stimulate demand in the domestic market. Many are of the opinion that given the IMF program constraints, the government has limited options for stimulating demand.

Cited as the most telling constraints imposed by the IMF are the limitation of the government budget deficit to no more than 1.5 percent of the GNP in 1985; the limitation of the BOP current account deficit to no more than 4.1 percent of GNP in 1985; and the raising of the monetary base to no more than \$38 billion by yearend.

Economists said that given the constraints, the government would have limited options for stimulating demand since to do so would mean increasing current expenditures, reducing taxes or raising salaries of employees, which all directly violate the conditions stipulated by the IMF.

PES economists also noted the private sector view that the recovery of the Philippine economy would depend largely on the recovery of the domestic market.

Villamor Vital, manager of the economic group and corporate research office of the Private Development Corporation of the Philippines (PDCP), who participated in the discussion, expressed apprehension that there are still "stumbling blocks" which may slow down the economy's growth.

CSO: 4200/1206

PHILIPPINES

COLUMNIST ON PESO DEVALUATION SPECULATION

HK181021 Quezon City ANG PAHAYAGANG MALAYA in English 16 Jul 85 p 7

["Business Views" Column by Jake Macasaet: "Is the Peso Sinking Fast?"]

[Text] Businessmen and politicians have again started talking about the inevitability of another round of devaluation. The sole basis for the speculation seems to be the mild—only 005 [figure as published] percent—depreciation of the peso during the past three weeks. On Monday, 1 July, the interbank rate was quoted at P18.465. Two Mondays later, the rate sank to P18.5475, deteriorating the local currency by 8.25 centavos during the period.

What alarms some businessmen is that the slow but steady depreciation is happening at a time when, according to Prime Minister Cesar Virata, the strength of the peso is derived mainly from relatively lower demand for foreign exchange. The low demand in turn is a result of what is still considered excessive interest rates that now vary from 34 to as high as 38 percent.

The rate in the Binondo Central Bank which many businessmen consider as the more meaningful guide or indicator, has moved only slightly from the old level of P18.50 to P18.55 to the dollar.

The slow deterioration of the peso in the face of low demand for dollars might well indicate that local monetary authorities are beginning to yield to the pressure of the International Monetary Fund to adjust the peso to more realistic levels. Sources in the Binondo CB confirmed to me the other day that there really is a plan to adjust the rate slowly by 10 percent by the end of the year. By then, the rate would be P20.405.

The downward adjustment is an obvious attempt to make Philippine exports more competitive, theoretically. But if we consider that the bulk of the manufactured exports are almost entirely dependent on imported components, a downward adjustment of the currency will not help that much. In other words, there seems to be no point in liquidating export letters of credit at say, P20 per dollar when the costs of imported components are just as high.

The unquestionable benefits that the economy can get from a downward adjustment necessarily comes from exports of agricultural products which have minimal imported costs. This is best shown in the case of coffee beans. Since the Philippines became a member of the International Coffee Organization in 1981, the country has earned around \$300 million.

There are political factors that argue against a sudden sharp devaluation. A devaluation necessarily raises domestic and import prices. This, in turn, will negate the well publicized attempts of economic planners to cut the inflation rate down to levels far below interest rates.

Faced with two successive elections--the local next year and the presidential in 1987--a devaluation at this time appears to be political suicide. On the other hand there is that pressure from the International Monetary Fund to make further currency adjustments. Resistance could be used as an excuse to deny the country the much-needed foreign credits to fuel the economy.

In other words, the leadership seems to be faced with a dilemma between politics and economics. If politics prevails like it did in many instances in the past, we could be drawn farther away from recovery.

CSO: 4200/1239

PHILIPPINES

FOOD OFFICIALS FEUD OVER RICE POLICY

Quezon City ANG PAHAYAGANG MALAYA in English 21 Jun 85 pp 1, 6

[Article by Benjamin Guevarra]

[Text]

The reportedly warring Agriculture and Food Minister Salvador Escudero III and National Food Authority administrator Jesus Tanchanco were ordered to publicly kiss-and-make-up by a top Malacanang official worried over the political repercussions of a Cabinet rift over the country's most sensitive farm crop, reliable sources said yesterday.

Unimpeachable sources said the influential Malacanang official was responsible for yesterday's issuance of a joint press release by Escudero and Tanchanco dismissing any rift over rice policy.

Earlier published reports pointed to the impending showdown of these Cabinet officials over the duration of the buffer stock level that the government will adopt in time for the traditional "lean" months from July to September.

Malaya sources re-

vealed that Tanchanco and Escudero were instructed to deny their disagreement over the buffer stock level. The disagreement, they were told, "will not do the Kilusang Bagong Lipunan any good, especially with the local elections just around the corner."

The informants quoted the late Agriculture Minister Arturo Tanco Jr. as telling his staff that the highest priority should be given to rice, which is less of an agricultural crop than a "political crop."

Any controversy on rice, especially its critical supply situation, will naturally affect the chances of the ruling party in the coming polls, they said.

Following the alleged Malacanang censure, a joint press statement was issued yesterday by Escudero and Tanchanco claiming that the government is adopting a buffer stock level ranging from 60 to 90 days.

Sources said, though, that these agriculture officials had argued over a stock level of 60 or 90 days during a recent

cabinet meeting.

Maintaining a 90-day buffer stock level means that the government must import some 400,000 metric tons of rice since the bureau of agricultural economics (Baecon) estimated national stocks to reach a little more than one million m.t. by the end of June.

Based on the national consumption average of 16,500 m.t. daily, the estimated stocks will be enough for 60 days, but will be about 400,000 m.t. short of a 90-day stock level of 1.48 million m.t.

Apparently believing that more importations will be a slap on his ministry's performance, Ecudero maintained that a 60-day buffer stock is enough, since rice harvests will still trickle-in during the lean months.

He also said storing such a volume of rice will entail additional expenses and that dumping imported rice in the local market will severely affect prevailing price levels.

Skeptical of the palay production during the main planting season, Tanchanco countered, however, that the government should adopt a 90-day stock level instead of taking chances on the expected harvests.

Stressing that palay is highly susceptible to infestations and adverse weather conditions, the NFA chief reportedly charged during the Cabinet meeting that it was better to maintain more than enough stocks than to allow consumers to queue before rice outlets in the event of a rice shortage.

PHILIPPINES

RED TAPE DELAYS NEGROS RICE DISTRIBUTION

Quezon City ANG PAHAYAGANG MALAYA in English 21 Jun 85 pp 1, 6

[Article by Marlen Ronquillo]

[Text]

**BACOLOD CITY**  
- Red tape is delaying the delivery of rice for relending to tens of thousands of starving workers in Negros Occidental thrown out of jobs by the crisis in the sugar industry.

Of the 170,000 sacks of rice for relending, government agencies said only 7,000 sacks have been released to farmers more than a month after the start of the lending program.

"While government agencies are bungling with the rice loan program, tens of thousands of workers barely eat one full meal a day," Member of Parliament Wilson Gamboa, the lone opposition MP in the province said.

Around 400,000 workers have been laid off from their jobs in sugar mills and plantations.

Gamboa said the government agencies involved in the rice loan program have no "clear-cut guidelines"

on how to release the rice.

The employers of the workers applying for the rice loans are also required to guarantee the repayment of the rice, a process which results in "endless red tape," Gamboa said.

The government is also demanding a five per cent interest on the rice loans which have been imported at give-away prices from Taiwan, he said.

The Ministry of Labor is the agency coordinating the rice loan program.

Gamboa also expressed fears the bulk of the rice will end up as "animal feeds."

He said at least 500 sacks a day should be released for relending to exhaust all the rice before the harvest season three months from now.

"Since the rice has been washed with preservatives, the quality will deteriorate if it is not disposed on time. I believe the rice has been milled two



times to preserve its quality," the MP said.

Bishop Antonio Fortich has also appealed to end the "red tape" delaying the availment of rice for relending.

The outspoken bishop is campaigning among sugar planters to provide guarantee to rice for relending to their workers.

The bishop said starvation is widespread in the province and all the Catholic churches have opened soup kitchens to feed hungry children.

CSO: 4200/1223

PHILIPPINES

INSURGENCY FEARS BLOCK AGRICULTURE LOANS

Quezon City ANG PAHAYAGANG MALAYA in English 23 Jun 85 p 7

[Article by Dennis Fetalino]

[Text]

Bankers and businessmen are all set to go out into the farms in support of the government's new thrust in agriculture and agribusiness but are generally afraid for the safety of their investments.

The areas of special concern include the peace and order conditions in the rural areas, particularly countryside insurgency which has surged to new heights in recent months. Bankers also want government more guarantees or additional deposit insurance.

The bankers and businessmen who met behind closed doors Friday night, said, "as a general principle, there is no bias against agriculture but the risk is just a little bit too high."

"It is difficult to convince bank executives to set aside funds for agricultural lending unless they are given reasonable assurance that money put in and income earned will go back to depositors and stockholders," one veteran banker pointed out.

Another corollary item singled out is the problem on industrial peace, which they said, afflicts most banks and businesses today.

Bankers and businessmen also doubted the readiness of institutional lenders and investors to engage in farming and financing as a number of companies wanting to diversify are virtually ignorant

about the intricacies of agriculture.

A businessman said that technology, which is not yet widely available to the farming sector could virtually remove all risks that are associated with agriculture.

They noted that traditional sources of farm credit are experiencing grave difficulties and could only extend financing at relatively high rates of interests.

They cited the case of the Philippine National Bank, a state-owned universal bank, which is saddled with crop loans that have piled up in the last four to five years.

Informal sources of credit, on the other hand, offer loans at 10 per cent a month or a usurious 120 per cent a year.

These sources of farm credit account for 35 per cent of funds that are sunk in agriculture, the bankers said.

Private development banks and commercial banks which slap 14 per cent and 24 per cent, respectively on cost of funds borrowed, could very well replace these farm credit sources and ease the plight of farmers, already reeling in the high prices of farm inputs, they said.

At the same time, a businessman added, lenders and investors should "put their finger" on special pools of funds like the Industrial Loan and Guarantee Fund.

PHILIPPINES

GOVERNMENT OFFICIAL CRITICIZES AGRICULTURAL POLICIES

Manila PHILIPPINES DAILY EXPRESS in English 27 Jun 85 p 8

[Article by Rose de la Cruz]

[Text]

THE agriculture sector would likely show "discouraging" results this year because of recent government policies that tend to retard rather than enhance the sector's performance.

According to a top ranking government official, these new policies are proving to be "disincentives" to agricultural activities because they do not only make agriculture an expensive venture, but a difficult task, as well.

For one, credit that should have been made available to the sector has dropped rather than increased and that more and more farmers are forced to seek costlier financing from sources other than banks and other formal channels, the official said.

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WHILE funds are being made available for selected food production programs such as the intensi-

fied rice production program and expanded yellow corn, the amounts are not "substantial enough to create any impact on the sector," the official explained.

Moreover, the lifting of credit subsidies with the deregulation of farm credit this month, will make loans costlier and available at commercial interest rates, the source said.

The lifting of credit subsidies, which should have been done over a longer period of time, would increase the rate of farmers' default on loans, the official added.

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ALSO vital factor that has stunted the growth of the agriculture sector was the removal of fertilizer subsidies since 1982, which resulted in declining fertilizer use and, in turn, reduced the yield of rice and

corn farmers.

Earlier studies conducted by the International Rice Research Institute showed every kilo. of nitrogen fertilizer foregone resulted in a drop of three kilos in palay yield.

A field survey conducted by the agriculture ministry showed that fertilizer usage all over the country has dropped by about 28.6 percent. The drop was attributed to the rising cost of chemical fertilizers and the lack of credit.

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ANOTHER factor that would substantially affect the sector's performance is the drop in investments in agriculture coupled with inadequate irrigation facilities.

The Asian Development Bank has also noted that declining investment in irrigation would result in food supply deficiencies.

CSO: 4200/1243

PHILIPPINES

COCONUT EXPORT EARNINGS DECREASE SHARPLY

HK101513 Manila PHILIPPINES DAILY EXPRESS in English 10 Jul 85 p 8

[Text] The country's export income from coconut products during the first five months of the year reached \$204.8 million or 42.8 percent lower than the \$358.21 million export receipts posted in the same period last year.

In terms of volume shipments, this year's five-month total hit 351,383 metric tons (mt), copra basis, or 31.6 percent less than last year's 514,407 mt.

Coconut products exports included copra processed for fatty chemicals.

According to a report of the United Coconut Association of the Philippines (UCAP), the marked decline in total value earned came largely from the downturn in traded prices of coconut oil and copra meal, which recorded a 22.4 percent and 42.4 percent downfall, respectively, from their year ago levels.

Coconut oil shipments at 174,233 mt dropped by 38.2 percent from last year's 282,149 mt. Its \$130.83 million revenue shed off 52.1 percent of prior year's \$272.99 million following the significant price downswing to \$750.89/mt fob from \$967.54/mt a year earlier.

Copra meal turnover at 91,498 mt was just 49.9 percent last year's sales of 182,721 mt. This added only \$7.52 million to coconut earnings about three-fourths on 71.2 percent short of the \$26.10 million realized in same 1984 period mainly due to the 42.4 percent slump in average traded price to \$82.20/mt fob from \$142.83/mt fob.

Shipments of desiccated coconut came to 19,196 mt, a third lower 33.9 percent than last year. Correspondingly, foreign exchange intake came down to \$27.39 million from \$39.24 million. The commodity was priced 5.7 percent higher at \$1,427.09/mt fob.

CSO: 4200/1206

PHILIPPINES

FALLING DEMAND CUTS COPRA PRICES

Manila PHILIPPINES DAILY EXPRESS in English 27 Jun 85 p 8

[Text]

THE price of copra *rescada* in Quezon Province, one of the country's biggest coconut-producing areas, has dropped to P282 from P380 per 100 kilos, according to a report of the Philippine News Agency (PNA) datelined Lucena City.

The price drop in the price of copra was traced to a decline in demand.

In Lucena City, the office of the Philippine Coconut Authority (PCA) said that two local traders — High Commercial and Coco Growers — were buying copra at P290/100 kilos.

Another report from Cebu City said that the millgate price of copra in the city has reached a low of P250 per 100 kilos.

The report quoted an official of Lu Do Oil Mills, the world's biggest copra crushing plant, as having said that prior to the fall, the millgate price ranged from P7 and P8 a kilo.

It added, the Red-V Desiccated Coconut Products had stopped buying copra since February this year because of lack of foreign markets.

In Laguna, the Sunshine Coconut Factory and Franklin Baker are buying whole nuts at P700 to P780 per metric ton.

CSO: 4200/1243

PHILIPPINES

OVER 100 NPA RAID CATTLE RANCH, CONFISCATE EQUIPMENT

Davao City PEOPLE'S DAILY FORUM in English 23 Jun 85 pp 1, 8

[Article by Jun Baring]

[Text] More than 100 armed men believed to be members of the New People's Army raided a cattle ranch, disarmed the security guards and butchered some cattles at Cogen in Malalag, Davao del Sur the other day at around 8 o'clock in the morning.

The military said that security guards of Sodaco Eagle Cattle Ranch were confiscated of the following weapons by the armed men: 1 M16 armalite; 1 garand rifle; 2 caliber SB rifles; and 1 remington shot gun.

The rebels who belong to the NPA's Main Regional Guerrilla Unit (MRGU) butchered two bulls weighing 1000 kilos and carted away the following office equipment: 1 Olympia typewriter; 25 cassette cartridges; 1 Olivette adding machine; 1 casio calculator; and 1 bottle of dextrose.

Investigation disclosed that the NPA guerrillas swooped down at the cattle ranch after breakfast time and surprised the "cowboys." They virtually invaded the ranch which was heavily guarded without firing a single shot. The outnumbered ranch guards readily gave up and handed their weapons to the armed band.

Col. Patrick Madayag, PC-INP commander in Davao del Sur, immediately dispatched a group of government troopers to investigate the incident. He also ordered a hot pursuit operation against the armed band.

Meanwhile, at Barangay Malandag Davao del Sur, a group of unidentified armed men strafed the Consolacion Ranch with armalite rifles and carbines recently. No casualty was reported.

Police probers are still investigating the incident.

The unprecedented events in the province have alarmed cattle ranch owners and other businessmen.

CSO: 4200/1243



PHILIPPINES

BRIEFS

**GOVERNMENT BANK DEPOSITORS ASSURED**--Prime Minister Cesar Virata gave assurances yesterday [9 July] that deposits in all government banks are all guaranteed by the national government. Virata, who is also finance minister, was apparently referring to the merger of the Philippine National Bank, the Land Bank of the Philippines, and Development Bank of the Philippines. He aired this assurance during the cabinet meeting held at the executive house. He said all deposits would be placed in private financial institutions to secure the consolidation of all the assets. During the meeting the cabinet also discussed the possibility of formulating a new policy on government corporations. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 9 Jul 85]

**MILITARYMEN ON GUN CHARGES**--The court martial of seven military men in connection with the pilferage of high-powered guns and ammunition from the PC [Philippine Constabulary] armory in Zamboanga City has begun. All the accused pleaded not guilty at their arraignment at Camp Aguinaldo. The seven are charged with the pilferage of 160 high-powered guns, including M-16 rifles, between 1982 and 1983. [Text] [Quezon City Maharlika Broadcasting System in English 0800 GMT 10 Jul 85]

**RIFLES MISSING FROM PC CAMP**--Forty-three Armalite rifles were found missing and believed stolen from two units of the PC [Philippine Constabulary] support command in Camp Crane. The loss is now being investigated by the PC on orders of Acting Chief of Staff Lieutenant General Fidel Ramos. The rifles were found missing after an inventory conducted by support command chief Brigadier General Paul Canalita. A top PC official said the theft was an inside job. PC-CIS [Central Intelligence Service], headed by Brigadier General Hermogenes Peralta Jr, and the PC intelligence are conducting the probe. A Camp Crane source said more firearms might have been pilfered from the support command armory. An inventory is now going on. An armalite rifle costs about 18,000 pesos in the local market. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 10 Jul 85]

**KBL HITS OPPOSITION NO-CONFIDENCE**--The ruling KBL [Kilusang Bagong Lipunan] in the Batasan yesterday [10 July] lashed out at the opposition for abusing the constitutional provision on the vote of no confidence against Prime Minister Cesar Virata and the cabinet. The KBL leaders at the Batasan said the opposition move is a political gimmick to destroy the reputation of the prime

minister. Assistant Majority Floor Leader Arturo Pacificador said the no confidence motion also seeks to alienate the people from the cabinet and, in the process, create political instability and derail the economic program of the government. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 10 Jul 85]

NUCLEAR PLANT OIL BILL SAVINGS--The country will be able to save about \$144 (? million) worth of oil bills annually when the Bataan Nuclear Power Plant becomes fully operational. The National Power Corporation [Napocor] said the plant is capable of producing power equivalent to 6 (? million) barrels of oil per year which is valued at \$164 million. By using the nuclear plant, only \$20 million worth of uranium is needed to produce the equivalent amount of fuel. The plant is supposed to go on fullscale (? shift) but its operational is being stalled because of the public hearing being conducted by the Philippine Atomic Energy Commission. The license to operate has not been given to the Napocor because nuclear oppositors are questioning the plant's safety. [Text] [Quezon City Maharlika Broadcasting System in English 0800 GMT 11 Jul 85]

BASES VIOLATION CITED--Philippine authorities have asked U.S. Clark Airforce Base officials to suspend the operations of an association of flying enthusiasts inside the base. The request was made on the grounds of a violation of a provision in the Philippines-U.S. bases agreement. Brigadier General Augusto (Espacio), deputy commander at Clark Air Force Base, asked Major General Gordon (Roydon), 14th U.S. Air Force Commander, to suspend the activities of the aero club at the base pending investigations into the seizure of a plane at the base last week by Philippine customs authorities. The airplane, a 2-seater Cessna, was confiscated by customs officials when they found it had been bought in by Russell (Lodge), an American businessman, an act which they say is in violation of the bases agreement. [Text] [Manila Far East Broadcasting Company in Tagalog 1000 GMT 11 Jul 85]

CSO: 4200/1206

THAILAND

HOUSE SPEAKER WRITES U.S. CONGRESS ON TEXTILE BILL

BK200327 Bangkok BANGKOK POST in English 20 Jul 85 p 16

[Excerpts] House Speaker Uthai Phimchaichon sent a letter to the United States Congress Speaker yesterday seeking his assistance for what he calls a "realistic conclusion" of deliberations on the controversial Jenkins Bill.

Mr Uthai's move came after a group of Thammasat University students appealed to the Congress yesterday to avoid hurting Thailand in its consideration of the bill.

Two more letters are expected to follow Mr Uthai's note. These are to be signed by all House standing committee chairmen and leaders of Thai political parties and sent to their counterparts in the U.S.

The students' appeal was contained in an open letter from some 20 Law Faculty students who submitted it to the U.S. Embassy after a brief rally there yesterday morning.

"We urge the honourable members of Congress to exercise utmost care in considering this bill, with regards to the negative impact it may have on a friendly country," the students said in their letter.

The group in a separate statement also expressed support for the government in trying to negotiate with the U.S. to maintain the country's textile exports.

"We hope that the government will have effective measures to counter (the U.S. move), aside from the verbal reaction and a memorandum," which would leave the national interest at the mercy of the U.S., the group stated.

Mr Uthai said in his letter to the U.S. Congress that although he understood the congressmen's motive in pushing for the bill, a reappraisal should be done with a long-term outlook taking into consideration their country's own political and economic obligations to the Pacific area.

He said he believed the U.S. speaker's assistance in resolving the issue would help strengthen both short and long-term cooperation between Thailand and the U.S.

CSO: 4200/1250

THAILAND

STUDENTS SEND LETTER TO CONGRESS ON BILL

BK191242 Bangkok BANGKOK WORLD in English 19 Jul 85 p 1

[Text] A small group of Thammasat University students this morning converged at the U.S. Embassy on Wireless Road with an appeal for Congress to exercise utmost care in considering the controversial Jenkins Bill on textile quotas.

The call came in a two-page open letter addressed to the U.S. legislative body.

According to the letter, the Jenkins Bill calls for the U.S. to restructure its system of quotas allocated to U.S. textile importers.

The bill, due to be debated late this month, would adversely affect Thai textile exporters, who are major suppliers, it added.

The letter was turned over to U.S. Embassy Second Secretary Donald B. Coleman by Political Science student Phiraphon Siklap, on behalf of some 20 students who accompanied him.

A seven-point document, the letter pointed out that Thailand upheld as an ideal liberal democracy and a free trade economy. To this end "we have no policy to obstruct trading contacts with any country."

The U.S. and Thailand had enjoyed friendship of longstanding that had made for good cooperation in politics, economics, as well as social, cultural, military and technological matters, it went on.

In keeping with standing cooperation in these fields, Thailand and the U.S. had extended "sincere, mutual assistance," it added.

Because of this, the two countries had "tried to avoid any action that would undermine friendship and mutual interests," it said.

The textile industry "is most important to Thailand's economy" having been the principle source of revenue for the past several years, it pointed out.

Hence the Jenkins Bill on textiles "will have a violent impact on the (Thai) textile industry and other related industries and on the employment situation in Thailand," it stressed.

As Thailand's economy was at a turning point and the country "a frontline state for peace in this region, we emphasize the fact that to refrain from undermining economic stability will be one way of promoting the warm friendship we enjoy, as well as help preserve security in the Southeast Asian region," it said.

To this end, Congress should exercise utmost care in considering the Jenkins Bill by envisaging its positive as well as negative effects on U.S. allies, it concluded.

CSO: 4200/1250

THAILAND

'COUNTERMEASURES' TO BE TAKEN IF BILL PASSES

BK191240 Bangkok BANGKOK WORLD in English 19 Jul 85 p 1

[Text] Thailand will enforce countermeasures if the U.S. Congress passes the controversial Jenkins Bill, Secretary-General Sano Unakun of the National Economic and Social Development Board said this morning.

At the same time, Dr Sano said Thailand has "several tactics" ready to be employed--in order to prevent passage of the bill that would cripple the Thai textile industry, exporters in particular.

In a separate interview, Deputy Director-General of the Trade Relations Department Norawat Suwan said if the bill became law, Thai textile exports to the U.S. would be affected by as much as 45 percent.

Dr Sano, who spoke at the Imperial Hotel, said the bill, now undergoing U.S. Congressional deliberation, was unjustified in the that U.S. itself stood to lose along with its textile suppliers like Thailand.

"We have several tactics," Dr Sano said when asked what Thailand could do to stop passage of the bill. These tactics included "lobbying" with U.S. Congressmen, he added.

Furthermore, businessmen in developing countries--including Thailand and ASEAN partners--who expect to be adversely affected by passage of the bill are "consolidating forces against it," he said.

Asked whether Thailand had prepared any specific countermeasures if the bill were passed, Dr Sano said: "We certainly have several countermeasures which I don't want to disclose now."

The Jenkins Bill now faces opposition in the U.S. he noted.

"When a U.S. Congressional committee visits Thailand in September we will try to draw sympathy from them and explain to them the economic problems," he said.

"We will take them to visit textile factories. They will also be told of our border problems. These attempts may help dissuade them from voting for the bill," he added.



Meanwhile, Mr Norawat of the trade relations department said the Jenkins Bill was now at an important turning point.

Thought it was believed that President Reagan would veto its passage so that some criteria of the bill would be changed to avoid adverse consequences, there remained strong chances that it would win congressional approval, he added.

CS0: 4200/1250

THAILAND

ELECTORAL BILL 'SHOWDOWN' TEST OF GOVERNMENT

BK200610 Bangkok THE NATION in English 20 Jul 85 pp 1, 2

[By "NATION Political Desk"]

[Text] A showdown in Parliament is expected on Monday over the controversial bill seeking electoral changes now that some military senators have been asked to withhold support for passage of the bill, plunging other senators into disarray over the proposed amendment which is supportee by most of the lower house members.

Informed sources told THE NATION yesterday that last-minute intensive lobbying has been launched by both advocates and opponents of the bill.

The Prem government plans to lobby for support through a written instruction to senators suggesting that they vote for the bill spearheaded by the Social Action Party to "dispel confusion over the genuine stand of the government," sources said.

"It is obvious that the government has decided to face out the confrontation against the opponents of the bill," said the sources.

An idea had earlier been floated to the effect that the government should defer the showdown--regarded in certain circles as one between the military senators and elected politicians--from the joint sitting of the two houses Monday. The original plan envisaged a large number of absentees among senators to ensure that there wouldn't be a quorum so that the session would be called off.

However, the sources said the idea was dropped after the government decided to face up to the "challenge."

Minister of the PM's Office [Michai Ruchuphan told THE NATION that there was no point in postponing the voting on the bill, calling for a return of the electoral system of multiple constituencies and voting on the individual basis, in the third and final reading.

"We will have to face it some day if the voting was deferred. I don't think it will be postponed from Monday and if the joint session did not make a quorum, that will not portray a good image for Parliament," he said.

The Senate whip declined to offer any comments when asked about the behind-the-scenes move for military senators to abstain from the voting or be absent from the session. Absence or abstention will technically be tantamount to rejecting the bill in this case where an absolute majority is required for the passage of the bill. In other words, at least 285 votes must be cast in favour of the bill if it is to be passed.

Michai said it was very difficult to predict whether the bill would win approval from the houses because there are up to 567 members in Parliament.

Senator Chaowalit Rungsaeng told THE NATION that Deputy Prime Minister and Chairman of the Senate-Government Coordinating Committee Gen Prachuap Suntharangkun Thursday phoned up all civilian senators to see to it that they would attend the crucial session and vote for the SAP bill.

"It seems to me that the government is very concerned over the issue because never before has the government resorted to checking the list of senators to see to it that they would be in the session during the voting," Chaowalit said.

He said he expected the bill to pass the houses because civilian senators number more than 80, and there are both retired military officers and those in uniform who are still in service, and finally the House of Representatives did favour the multiple constituencies and voting on the individual basis as against the present system of province-wide constituencies and voting on the party basis.

Informed sources said that the civilian senators loyal to Prime Minister Prem Tinsulanon were also seeking support for the passage of the bill from retired military officers in the Senate.

Out of 243 senators, about 80 are civilian senators, about 90 active military officers and about 70 others are retired military officers.

The informed sources also said that military officers had received an "unofficial" instruction to refrain from voting for the SAP bill. Supreme Commander Gen Athit Kamlang-ek, also a senator, left for Hawaii to visit the command of the U.S. Pacific Forces on July 13. He is due back on July 29.

Initially, the government announced an official stand of "non involvement" in the issue which should be decided by Parliament. The official stand prompted an initial resolution for a "free vote" for senators.

The conflicting unofficial instructions put many senators, particularly military senators, into a state of disarray and prompted many military senators to look for official missions to carry out on Monday to "excuse themselves out of the dilemma of sorts," according to the highly-placed sources.

The sources said that because of the looming confrontation, an idea was proposed that the voting should be deferred by failure to make a quorum.

"According to this school of thought, if the bill was killed, politicians, particularly these of the SAP, the largest coalition partner, could be angered while the military could also be upset if it failed in the bid to block the passage of the bill. In either scenario, a crisis could arise and chances will be high that a House dissolution or a major political change would come about, preventing the government from completing its term," one source said.

However, the idea apparently was shot down on grounds that even with the postponement, the "time-bomb" would still be there. The prevailing idea as of yesterday was that there was no point of worrying about a coup d'etat under the present circumstances. Advocates of this line of thinking believe that the government stood good chance of winning the test of strength and allegiance Monday, though the margin of victory could probably be very small. "Perhaps, we will get slightly below 300," one source estimated.

CSO: 4200/1250

THAILAND

PREM SEEKING BACKING IN ELECTORAL BILL VOTE

BK210210 Bangkok BANGKOK POST in English 21 Jul 85 p 3

[Article by The Chongkhadikit]

[Text Prime Minister Prem Tinsulanon made a last-minute effort yesterday to rally all senators behind SAP's proposed constitutional amendment on the electoral procedure, but resistance among military and police officers in the Senate is so strong that the amendment bill may be rejected tomorrow.

If the bill fails to pass, SAP will have to reconsider its attitude towards the government, which may lead to a political crisis.

Military and police officers in the Senate, both still active and retired, have been secretly advised by certain superiors to abstain from voting on the bill at the final reading.

A number of these senators have assigned themselves to temporary duty in the provinces and many more are expected to be absent from the joint session of Parliament tomorrow.

Except for a small number of these senators, those who attend the session are expected to declare abstention when their names are called during the voting.

These senators number about 140, with around 80 still in active service.

Most, if not all, of the civilian senators will almost certainly carry out the instructions given to them by the prime minister through Senate whips, to vote for the SAP bill.

The four coalition parties do not control enough seats in the House of Representatives to make up the minimum majority of 285 required for passage of the proposed constitutional amendment.

They have a total of 209 votes in the lower house, of which the Social Action Party commands 101, the Democrat Party 59, Prachakon Thai 34 and the National Democratic Party 15.

The opposition Chat Thai Party which has about 92 seats in the house is expected to vote against the bill. The 16 dissident members of Chat Thai who belong to Col Phon Roengprasoetwit Siam Democratic Party, may vote for the bill in response to the prime minister's request.

Deputy Prime Minister Prachuap Suntharangkun, head of the Senate whips, has been lobbying hard on behalf of the prime minister for Senate votes for SAP's bill.

However, because of the anticipated abstention by military and police senators, support for the bill may fall short of the 285 votes required. Deputy Prime Minister Bunthen Thongsawat, who is also deputy leader of SAP, said that his party should not consider a defeat of the bill as an important matter and stay on in the government.

He was commenting on remarks by certain political observers that SAP should quit the government because failure of the passage of the bill would indicate that the government has no real control over the Senate.

Mr Phong Sarasin, secretary general of SAP, expressed the belief that the prime minister has enough influence over the military senators to get them to vote for the SAP bill.

Mr Phong noted that if the bill is turned down, the next election will have to be held on the basis of province-wide constituencies, with the whole list of party candidates being elected.

He commented: "This is the other extreme, directly opposite to the one man one vote system.

"Thailand's democratic development has only reached the stage where the SAP-proposed system is most appropriate."

SAP Has proposed to break down the province-wide constituency into smaller sections, with a maximum of three MPs in each, and candidates being elected on an individual basis rather than on a party slate.

The military senators strongly advocate a one man one vote system, which calls for a constituency with a maximum population of 150,000, to be represented by one MP.

CSO: 4200/1250



THAILAND

ATHIT ORDERS ARMY SENATORS TO JUDGE BILL 'ON OWN'

BK210212 Bangkok THE NATION in English 21 Jul 85 pp 1, 2

[Text] Most military senators prefer the so-called "one-man, one-vote" electoral system to the proposal to revive the old system of multiple constituencies and voting on an individual basis, a senior army officer and a Senate whip said yesterday.

Assistant Army Chief-of-Staff for Civilian Affairs Lt Gen Charuai Wongsayan, however, said that he still did not know how the military senators would vote on the bill sponsored by the Social Action Party (SAP) calling for the return of multiple constituencies and voting on an individual basis during the joint sitting of the houses tomorrow.

Lt Gen Charuai said that Supreme Commander Gen Athit Kamlang-ek ordered all army senators, totalling 40-50, before he left for Hawaii on July 13, to "make careful judgment on their own over the bill, bearing in mind whether it will check or promote the future of democratic development."

"In effect, he was telling us to vote of our own free will," he said.

They also confirmed that word had been passed around to the effect that military senators should not vote for the bill. Lt Gen Charuai said that Prime Minister Prem Tinsulanon had nothing to do with the bill because it was proposed by SAP, and not the government. "The government will not lose face if the bill is rejected," he added.

Two other senior military senators told THE NATION that they oppose the bill. They are Armed Forces Chief-of-Staff Gen Pathom Soemsin and former Second Army Region Commander Gen Lak Salikhup.

Deputy Commander of the Fourth Army Region Maj Gen Panya Singsakda said that he would not attend the joint session because he had to preside over a political training course on behalf of Fourth Army Region Commander Lt Gen Wanchai Chitchamnong in Nakhon Si Thammarat. Deputy Army Chief-of-Staff Lt Gen Chaealit Yongchaiyut and Assistant Army Chief-of-Staff Lt Gen Wanchai Ruangtrakun declined to comment.

Lt Gen Chawalit would only say: "I am not a political soldier."

Meanwhile, Chat Thai MP Songtham Panyadi told THE NATION that opposition MPs would attend the session tomorrow but would walk out during the vote on the SAP bill in the final reading to "teach SAP a lesson."

He said at first Chat Thai planned to support the SAP bill but changed its mind after "SAP double-crossed us."

He said that some Chat Thai MPs had virtually agreed to the principles in the SAP bill, prompting party leader Maj Gen Praman Adireksan to resolve that party MPs would be allowed to vote freely on the issue. The opposition by SAP to the appointment of two Chat Thai leaders to a committee to scrutinize the budget bill, however, prompted a new resolution that all party MPs will oppose the bill, he said.

Armed Forces Chief-of-Staff General Pathom, in his capacity as Senate whip, said that he and other senators were not obliged to vote for the bill.

He said he has stood against the principles in the bill from the very outset.

"I am among those who voted against the bill in the first reading," he said.

He said he had repeatedly made known his preference for the present electoral system of combined or province-wide constituencies, and that the system should be adopted on a trial basis during the next general elections.

"If it does not work, then we can change it," he said.

General Pathom said that the government would not "lose face" if the bill is dropped in the joint sitting of the houses tomorrow because, to his knowledge, the government has no policy of changing the electoral system.

"Nor do I think that the rejection of the bill will lead to a house dissolution which can be called when there are serious conflicts between the executive and legislative branches," he added.

He denied reports that the meeting of Senate whips, officially known as the Government-Senate Coordinating Committee, last Tuesday resolved to back the SAP bill.

"Some whips raised objections in a debate on the merits and demerits of the bill and we did not agree on the issue," said General Pathom, who was at the meeting.

Furthermore, resolutions by Senate whips are not "orders" but only recommendations for senators to consider. "On issues which are not proposed by the government, senators can exercise the right of free vote and if some are hesitant, they can abstain," he added.

He said that if he was not busy on an official mission Monday, he would attend the joint session.

Former Second Army Region Commander Gen Lak said he disagreed with the SAP bill because the proposed change in the electoral pattern was not important enough to prompt a constitutional amendment.

"It does not involve the public interest," he said.

CS0: 4200/1250

THAILAND

MARINES DENY PRC RESUPPLY OF CGDK VIA TRAT, STRENGTH NOTED

[Editorial Report] The Bangkok daily DAO SIAM in Thai published 26 June 1985, pages 6 and 12, carries a 1,200-word feature on Royal Thai marines stationed in Trat Province on the PRK border. A photo caption describes a beach in Trat, Hat Lek, as being the scene of fighting between Thailand and Cambodia "from the time Sihanouk was in power in Cambodia and that the guns have changed hands now with Vietnam as the bad guy." The Marines in this area are reinforced by "several" naval Thahan Phran Irregular companies. The entire force is part of the Burapha [Eastern] Force and as the Thais "confront the Vietnamese along the border, suffice it to say that we have more troops than in an Army Region."

The article notes that the SRV and PRK forces have "closed the door" on Hat Lek and are "trying to plug up other holes because over there they believe that 'aid' from China reaches the Khmer Rouge from outside the country." Military supplies are brought in by boat and off-loaded at Hat Lek or in other places in Chanthaburi or Trat provinces.

An unnamed marine denies that Thailand is used for Khmer Rouge resupply. "They could hardly get in through Thailand, because the SRV doesn't completely control the Cambodian coast. They could get in anywhere there. The 2,000 machine guns they say that Singapore sends to the Sihanoukists, I don't know about them either." He goes on to say that he doesn't care who is fighting in Cambodia, "as long as all sides respect our sovereignty and our people are not suffering."

CSO: 4207/248

INTERNATIONAL RELATIONS, TRADE AND AID

NHAN DAN SUPPORTS PROPOSAL FOR LAO-THAI TALKS

OW190903 Hanoi VNA in English 0733 GMT 19 Jul 85

[Text] Hanoi, 19 Jul (VNA)—The Vietnamese Government and people fully support the persistent policy of the Lao Government and people for their sovereignty and territorial integrity, says NHAN DAN in a commentary today.

The paper condemns the Bangkok authorities for deliberately shutting their eyes to realities, and stubbornly repressing Laos' proposals for the resumption of negotiations to solve the existing problems in the relations between the two countries.

"These acts of Thailand," the paper notes, "are inconsistent with the spirit of the 1979 Thailand-Laos joint statement and run counter to the interests of the two peoples as well as of peace and stability in Southeast Asia. They only serve the interests of the expansionist and other reactionary forces."

The paper goes on: "Realities have shown which path is correct. Over the past decades, Thailand and other reactionary forces, pursuing a policy of expansionism and confrontation, have invited upon themselves bitter failures. They cannot prevent the revolution in Laos as well as in the other Indochinese countries from advancing forward.

By standing pat on their policy of confrontation, colluding with Beijing, using the Lao reactionary exiles to harass Laos and grabbing Lao territory, the Thai authorities have brought serious consequences to their own country and people, public opinions support the Lao Government and people's constructive efforts in settling all issues concerning their relations with Thailand. The Lao People's Democratic Republic always cherished a goodneighbourly relations with Thailand and is now sparing no efforts to consolidate these relations in conformity with the spirit of the Laos-Thailand joint statement signed in 1979.

"We demand that the Bangkok authorities stop all their provocative acts and land-grabbing attacks against Laos. They cannot convince anyone of their goodwill if they refuse to enter serious negotiations with Laos to restore the friendly relations between the two countries.

"The only correct and reasonable way is dialogue aimed at building peace, friendship and cooperation, which meets the aspirations and genuine interests of the peoples in the region," the paper says in conclusion.

INTERNATIONAL RELATIONS, TRADE AND AID

VNA REPORTS LAO AMITY MEETING IN VIENTIANE

BK200935 Hanoi VNA in English 0823 GMT 20 Jul 85

[Text] Hanoi, 19 Jul (VNA)--A talk was arranged in Vientiane yesterday in commemoration of the eighth anniversary of the Vietnam-Laos treaty of friendship and cooperation. Present on the occasion were Boulang Boulapha, member of the Lao People's Revolutionary Party Central Committee and vice president of the Central Committee of the Lao Front for National Construction, and more than 300 representatives of mass organizations in Vientiane. Vu Tien, counsellor minister of the Vietnamese Embassy in Vientiane, was also present.

Addressing the participants, Ounheuan Phounsavat, acting president of the Lao-Vietnamese Friendship Association, brought out the long-standing solidarity and mutual assistance between Vietnam and Laos. He laid stress on the new development of the special friendship and comprehensive cooperation between the two countries since the signing of the treaty. "Vietnam's great and effective assistance over the past 8 years has been an important contribution to the Lao people's success in national construction and defence, thus helping to promote the Vietnamese-Lao special friendship and increase the strength of the three Indochinese countries."

CSO: 4200/1255



## PARTY ACTIVITIES AND GOVERNMENT

### INTERNATIONAL FOREST YEAR COMMITTEE ESTABLISHED

BK111418 Hanoi NHAN DAN in Vietnamese 4 Jun 85 p 1

[Text] In response to the UN Food and Agriculture Organization's policy on observing the International Year of the Forest in 1985, the Council of Ministers on 29 May issued decision No 148-HDBT on establishing Vietnam's committee for the International Year of the Forest. The minister of forestry serves as chairman of the committee, while the vice ministers of forestry, agriculture, and water conservancy serve as its vice chairmen. Members of the committee include the deputy head of the State Science and Technology Commission, the vice minister of education, the vice minister of culture, the secretary of the Ho Chi Minh Communist Youth Union Central Committee, and the deputy held at the Radio and Television Commission. The Ministry of Forestry serves as a standing body to assist the committee in its work. The committee is charged with the following tasks:

Launch an even broader and deeper publicity campaign to stress the special importance of forests to man and his activities aimed at enhancing the sense of forest preservation and accelerating the movement to plant trees, carry out afforestation, develop natural resources in forests, and protect life. Formulate a program for the International Year of the Forest and submit it to the Council of Ministers for ratification. Organize coordination among various sectors and echelons in carrying out the program and report the results to the Council of Ministers. Coordinate with various countries and international organizations in carrying out activities related to forests within the international framework.

Set up committees for the International Year of Forests in all provinces, cities, and special zones directly subordinate to the central government. The structure and composition of these committees will be decided by chairmen of the people's committees of the provinces, cities, and special zones concerned. Committees for the International Year of Forests of provinces, cities, and special zones are charged with the task of organizing the International Year of Forests in their localities under a unified program of the Vietnam Committee for the International Year of Forests.

CSO: 4209/526

## PARTY ACTIVITIES AND GOVERNMENT

### TRAINING AGRICULTURAL CADRES IN SOUTH

Hanoi INFORMATION-DOCUMENTS in English 16 Jun 85 pp 5-6

[Text] With a view to the completion of the socialist transformation of agriculture in the South this year, another 18,731 cadres have been trained for the management of production collectives and farming cooperatives. Since 1978, a total of 490,000 such cadres have been trained, but even this number has proved insufficient. The requirements for this year amount to 138,000 personnel, but only 9 percent of this number have been trained in the first quarter. At present, crash courses have been opened in all provinces of the South.

The pace-setters are Dong Nai Province (1,167 cadres trained in the first quarter) and Tay Ninh (900 cadres). Although the numbers are still insufficient, good-quality training has been ensured and crash courses at district level have been expanded to meet the current needs.

Of the 18,731 newly-trained cadres, about 5,000 have been trained at the provincial level, the rest in the districts. They comprise managers, planners and accountants. Many districts have sent trainees to colleges at the district administration's expense. After graduation, they will return to work in the districts. Other districts have invited instructors from colleges and other State institutions to come and teach at the training courses.

In provinces where socialist transformation of agriculture has been completed, such as Tien Giang, Ben Tre, Tay Ninh and Ho Chi Minh City (rural suburbs), courses have also been opened to train managerial and other specialist cadres.

CSO: 4200/1217

## PARTY ACTIVITIES AND GOVERNMENT

### VAN TIEN DUNG VISITS TAILORING ENTERPRISES

BK101537 Hanoi Domestic Service in Vietnamese 2300 GMT 8 Jul 85

[Text] Recently, Senior General Van Tien Dung, member of the party Central Committee Political Bureau and minister of national defense, visited the X-20 tailoring enterprise. He was accompanied by Major Generals Dinh Thien and Phan Khac Hy, deputy heads of the rear service general department.

The minister and his entourage were enthusiastically welcomed by cadres and workers at the enterprise. After he had been briefed by the director of the enterprise, Senior Gen Van Tien Dung visited the cutting and sewing workshops, where he met with the brother and sister workers and inquired about their work and life. When he arrived at the enterprise nursery, the senior general was very happy to find that all the children there are fine and well cared for.

Chatting cordially with cadres of the enterprise, Senior Gen Van Tien Dung warmly commended them for their great efforts over the past 28 years to overcome numerous difficulties and ensure ever higher annual production. He said: To implement successfully the party Central Committee's eighth plenum resolution, the X-20 tailoring enterprise should reorganize its production in a more rational manner, reduce its staff personnel indirectly, and develop all its existing capabilities. It should also strive to abolish subsidization completely and carry out accounting correctly to achieve high productivity, high quality, and high efficiency.

The senior general pointed to the need to ensure the quality of garments for soldiers, saying that it is the quality of products that manifests the workers' conscience. He also urged the enterprise to do business in a way that can assure profits--legitimate and ever larger profits--and, on that basis, further expand its production and improve the material and cultural life of its cadres and workers.

Senior Gen Van Tien Dung expressed the hope that the cadres and workers of the X-20 tailoring enterprise would strive to comply with the spirit of the party Central Committee's eighth plenum resolution and resolutely make the enterprise a typical and leading-light industrial production unit in the Army.

CSO: 4209/526

ECONOMIC PLANNING, TRADE AND FINANCE

NEW REGULATIONS TO ENCOURAGE EXPORT

Hanoi VIETNAM NEWS AGENCY in English 25 Jun 85 p 10s

[Text] Hanoi, VNA, Jun 25--The Council of Ministers of Vietnam has promulgated a set of new regulations aimed at promoting export and enhancing the management of export and import operations.

The new regulations point to the duty of all localities in the country to develop the production of export items and expand their export and import operations. All localities have the duty to complete at an early date the drawing up of their plans for export and import, especially the 1986-90 plan and the annual plan. The State shall increase investments in the production of export items and in the provision of materials for the production of export items through bank credits and by standing warrant for localities to borrow capital from abroad. The State shall assign import and export quotas to different localities and production branches. If a production unit surpasses its export quota, it is entitled export the above-quota products and own the foreign exchange earned therefrom; the State shall apply priority policies with regard to the supply of raw materials and ensure other conditions for the production of export items, as well as to the purchase of export products.

To guarantee the principle of monopoly of foreign trade by the State, the policy points out that all localities and production units engaged in export trade must be placed under the management of the Ministry of Foreign Trade in the matters of management of foreign exchange and transport means.

CSO: 4200/1216

ECONOMIC PLANNING, TRADE AND FINANCE

CONSOLIDATION OF NAM BO COLLECTIVES VIEWED

BK041530 Hanoi Domestic Service in Vietnamese 2300 GMT 2 Jul 85

NHAN DAN 3 Jul Editorial: "Strive To Consolidate Production Collectives in Nam Bo"

Text Implementing the resolution of the fifth party congress, the provinces and municipalities in former Nam Bo will finish in the main the process of agricultural cooperativization in 1985, using the production collective as the chief format. From a general point of view, although newly established and faced with numerous difficulties and trials, the production collective has clearly displayed its superiority over the individual mode of production and is drastically changing the appearance of the countryside in Nam Bo.

Models of good production have emerged in ever greater numbers. Every province and district now boasts units with high productivity, development of production, expansion of branches and trades, a gradual increase in the income and living standard of production collective members, ever greater contributions to the state, and so forth. Some localities have also expanded joint business and integration among the collectives and organized them into intercollectives in areas where cooperatives are planned to be established in the future. The movement is gaining quicker and firmer momentum for development and boosting confidence in the line, policy and measures for socialist transformation in agriculture. Some units are experimenting with the establishment of an agricultural-industrial-trade-credit structure right from the start in order to contribute to the building of a new economic structure at the district and provincial levels.

However, the movement for cooperativization has developed unevenly in terms of quality. Practice and preparations have not been made carefully, and there has arisen the tendency to pursue rapid quantitative increases or to basically finish the organizational process sooner than the schedule permits. A number of production collectives have failed, even after two-three crop season, to embark on collectivized production. Some collectivized production units have, upon their establishment, failed to clearly define the right to collective ownership of lands and, upon applying product contracts, failed to assign contract quotes in accordance with labor capability, thus adversely affecting the organization and employment of collectivized labor and the observance of the principle of to each according to his work in distribution.

In production, many collectives have not paid attention to carrying out intensive crop cultivation, expanding the various branches and trades, and developing agriculture in an allround manner and are still engaged generally in rice cultivation alone. On the average, each laborer works for the collective only about 100 man-days a year, hence the slow increase in labor-derived income. Many collectives accumulate no capital at all or very little and cannot build the needed additional material-technical bases. Cadres are in short supply and inexperienced.

In 1985, the provinces and municipalities in former Nam Bo must pay attention on the one hand to setting up new production collectives so as to complete in the main the process of agricultural cooperativization, and on the other to consolidating production collectives and gradually improving their quality immediately after their establishment. According to reports received from the various localities, some 30 percent of the existing production collectives are termed weak. Now that about 70 percent of the peasants have joined collectivized production organizations, it is becoming every more important to consolidate those units that have been set up. It is necessary to correctly assess the actual situation and analyze both the strong and weak aspects of every unit so that suitable plans and measures can be adopted for their consolidation. The most important orientation for consolidating production collectives consists of carrying out simultaneously the three revolutions in the countryside and firmly grasping the need to improve managerial ability and apply technological progress so as to ensure production with high economic efficiency.

Right from the outset, it is necessary to guide production collectives along the line of specialized crop cultivation and allround development. Attention must be given to developing agriculture in a comprehensive manner and participating in exports. Equal stress must be laid on production, processing and circulation and agricultural cooperatives and production collectives must be built and consolidated along with marketing and credit cooperatives. In every establishment, a rational economic structure will be formed right from the start, with agriculture, fishery, forestry, industry, trade and credit being combined to create an aggregate strength.

The organization of intercollectives and the various forms of joint business and integration in production among the collectives have the effect of partially limiting the difficulties arising from the all-too-small operating size that keeps the collectives, with their inadequate capital and workforce, from opening additional branches and trades and building material-technical bases. This is a creative step that conforms to our current managerial capability as it has the effect of training our cadres, gradually improving their managerial ability, and creating uniformity in many respects among the collectives in order to realistically prepare the conditions for advancement in the future.

Training and fostering cadres constitutes an urgent task. Along with constantly improving the operational quality of the network of schools and classes that offer formal long- and short-term training, it is necessary to adopt different methods for training and fostering cadres. The movement for production has bred many models of collectives and laborers with good work practices. Reviewing and learning from progressive models is a way to multiply models rapidly.



The district serves an important theater for developing and consolidating production collectives. Building and consolidating the technical service network in the district, strengthening the apparatus, grasping the situation and guiding and supervising the district's managerial work will enable the district level to contribute to building and consolidating cooperatives and production collectives to suit the district's agroindustrial economic structure.

CSO: 4209/512

## AGRICULTURE

### HANOI ON AGRICULTURAL MACHINERY SECTOR MEETING

BK081420 Hanoi Domestic Service in Vietnamese 0500 GMT 6 Jul 85

/Text/ The agricultural implement and machinery sector has recently held a conference to review its 25 years of building, development and work in support of agriculture. The conference assessed the achievements and existing shortcomings of the sector and set forth orientations for its operation in the years ahead, especially the 5-year period from 1986 to 1990. Comrade Vu Dinh Lieu, vice chairman of the Council of Ministers, attended and addressed the conference.

Following the liberation of the north, to restore and develop production, along with improving production relations and arranging for the peasants to join collective work, the supply of farm implements and building of material and technical bases for agriculture have been stepped up. Agricultural machinery has developed step by step in the direction of combining the use of machinery closely with that of improved and semimechanized implements and immediate requirements with long-term orientations.

By early 1983, the entire country had had 18,224 large tractors and 16,698 small tractors with a total capacity of 1.288 million horsepower, an average of 0.215 horsepower per hectare of cultivated land. Apart from the number of tractors, agriculture throughout the country had been equipped with 188,000 gasoline engines, 58,000 diesel engines, 11,000 electric motors, and 2,000 trucks, bringing the total capacity of its machinery and equipment to 3.33 million horsepower.

The mechanized workforce has effectively served intensive cultivation, multicropping, land reclamation and the expansion of the cultivated area. It also helped consolidate production relations in the countryside and accelerate production. The most obvious help of agricultural engineering is the providing of sufficient draft power for soil preparation to ensure that cultivation work is carried out on schedule on millions of hectares of land.

In the Red River Delta, 50 percent of the cultivated area are plowed by animals, 10 percent by hand tools, and 40 percent by tractors. In the southern provinces, at a time when the area of multicropping is ever expanding and the areas of winter-spring rice and summer-fall rice in the Mekong River Delta have increased by hundreds of thousands of hectares, the number of draft buffalo and cattle is small and can ensure draft power for only 20-30 percent of the cultivated area. Therefore, tractors have played a key role in soil preparation.

The mechanized workforce has contributed significantly to the opening of virgin land, building of new economic zones, and redistribution of labor in each locality and throughout the country. It has enabled many new economic zones, which were established recently, to create favorable conditions for the redistribution of 1.5 million people, including 700,000 laborers, among various new economic zones throughout the country.

Thanks to the use of work tools and machines as a substitute for manpower, favorable conditions have been created for various production establishments to carry out the division of labor, thus having additional laborers to produce fertilizer, carry out irrigation work, and improve ricefields for intensive cultivation. A number of cooperatives have been able to reorganize production, rationally redetermine their crop allocation, and ensure additional sources of raw materials for the development of various handicraft branches and trades, thus forming an agroindustrial structure right at the grassroots level.

Along with supporting production, various material and technical bases have been able to perfect their organizational structure gradually in accordance with their specialties, as well as to step up work related to economic and technical management.

About the mechanized workforce in the south, we have set up 17 corporations and divisions at the provincial level and 148 tractor stations at the district level, bringing the nationwide totals to 38 corporations and divisions and 304 district tractor stations. The service network that comprises repair and maintenance facilities is being systematically perfected by the sectors concerned from the central to grassroots level. In carrying out economic management under the motto of linking machinery with ricefields and workers with agricultural production, many establishments have sent tractors to the cooperatives and applied various forms of product contracts with workers for each tractor. This has resulted in higher labor productivity, better maintenance of machinery, fuel economy and an increase by 30 to over 40 percent in the average land-plowing volume per tractor in 1984 over 1977.

In the process of developing and supporting production, the agricultural implement and machinery sector still displays some outstanding weaknesses. For example, tools and machinery have been supplied without taking the conditions of crop cultivation into full consideration; and as a result of this, thousands of imported tractors are now lying idle--a serious waste of money. Attention has been given to the importation of only tractors and not agricultural machines, spare parts and the necessary means for repair and maintenance.

Due to the imbalance between production and processing requirements, a series of animal feed enterprises that have been constructed are now operating at only 20 percent of their capacity. For many years in the past, the sector has paid too much attention to mechanized equipment while neglecting the supply and improvement of tools for laborers. Tools are of poor quality and do not meet the specifications; and consequently, many types of them are piled up at warehouses while the laborers badly need them. Conditions have not been ensured from the operation of the machines supplied. For example, the production area is fragmented, replaceable spare parts are in short supply, and the mechanism

of management as well as the applicable systems and policies are unsuitable. All this has greatly limited labor productivity and machine capacity.

The sector's tasks in the coming years are closely linked with the orientations for developing agricultural production. On this basis, the implement and machinery sector must step by step accelerate the supply of improved tools, gradually replace and advance toward discarding obsolete tools, and install adequate machines for every stage of the production process. It is necessary to create conditions for production units to reorganize labor in a rational manner, strengthen the new labor force, and build a network of material-technical bases for agriculture. Efforts must be made first of all to perfect the technical service centers designed to support crop cultivation and livestock breeding at the district level.

In the next 5 years--1986-90--the sector must supply laborers with adequate ordinary tools of good quality, step by step introduce improved and semimechanized equipment to help in work assignments involving hard labor, install machines to take care of work assignments that cannot be performed by either man or animal, improve the managerial system, and devise and implement suitable systems and policies with the aim of employing the workforce, equipment, machinery, and all the existing material-technical bases in the most effective manner to meet the requirements of agricultural production.

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